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COMMONWEALTH OF KENTUCKY

Annual Financial Report

FISCAL YEAR ENDED
JUNE 30, 1985

COMMONWEALTH OF KENTUCKY

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 1985

Martha Layne Collins
Governor

Gordon Duke
Secretary
Finance and Administration Cabinet

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Commonwealth of Kentucky

FINANCE AND ADMINISTRATION CABINET

Gordon Duke, Secretary

Mitchell H. Payne, Principal Assistant
David Macpherson, Principal Assistant

Cattie Lou Miller, Commissioner,
Department for Administration

Edgar C. Ross, Director, Division of Accounts

The financial report was prepared by the Divison of Accounts, Department for Administration, Finance and Administration Cabinet

The cost of printing was paid from State Funds KRS 57.375

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COMMONWEALTH OF KENTUCKY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1985

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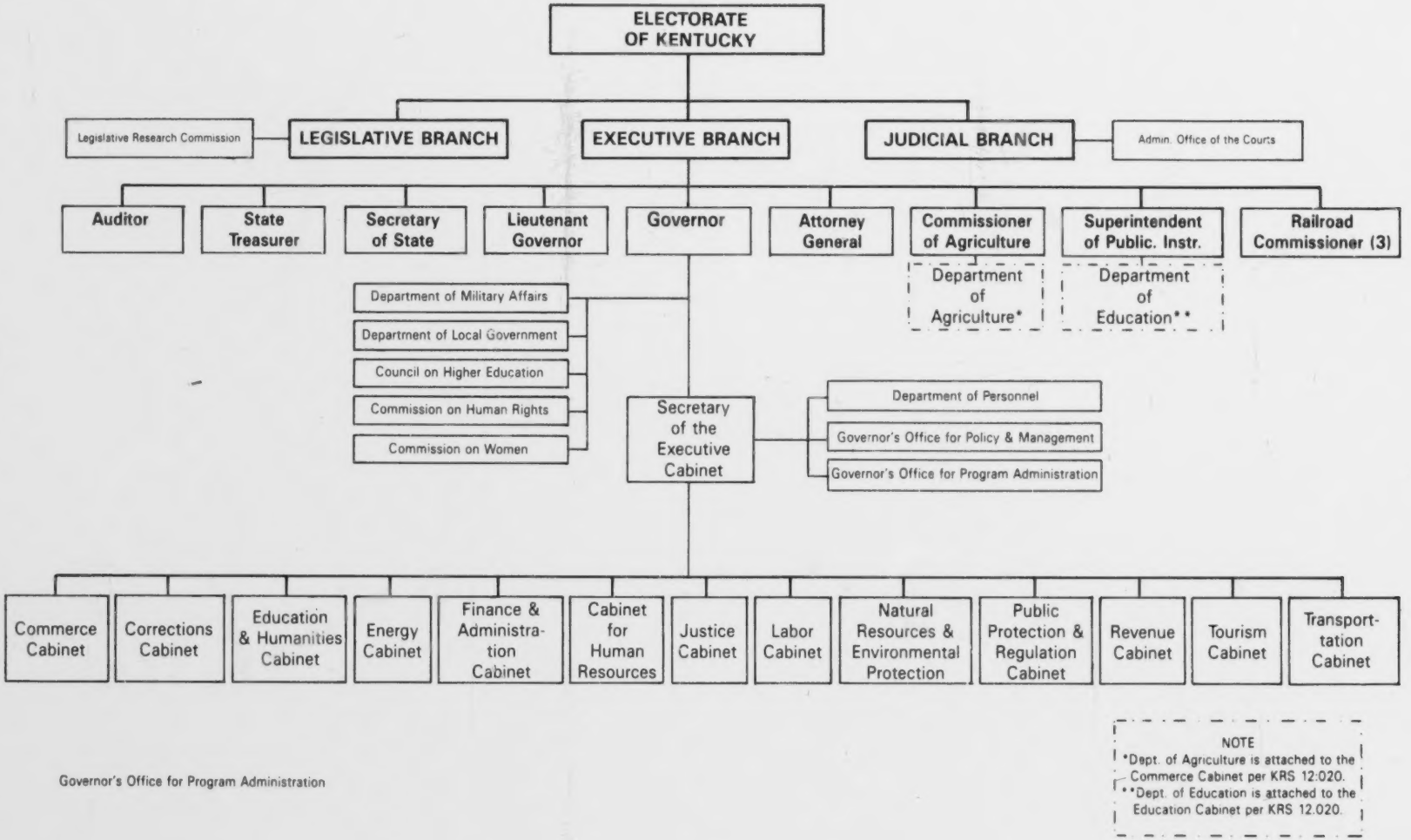
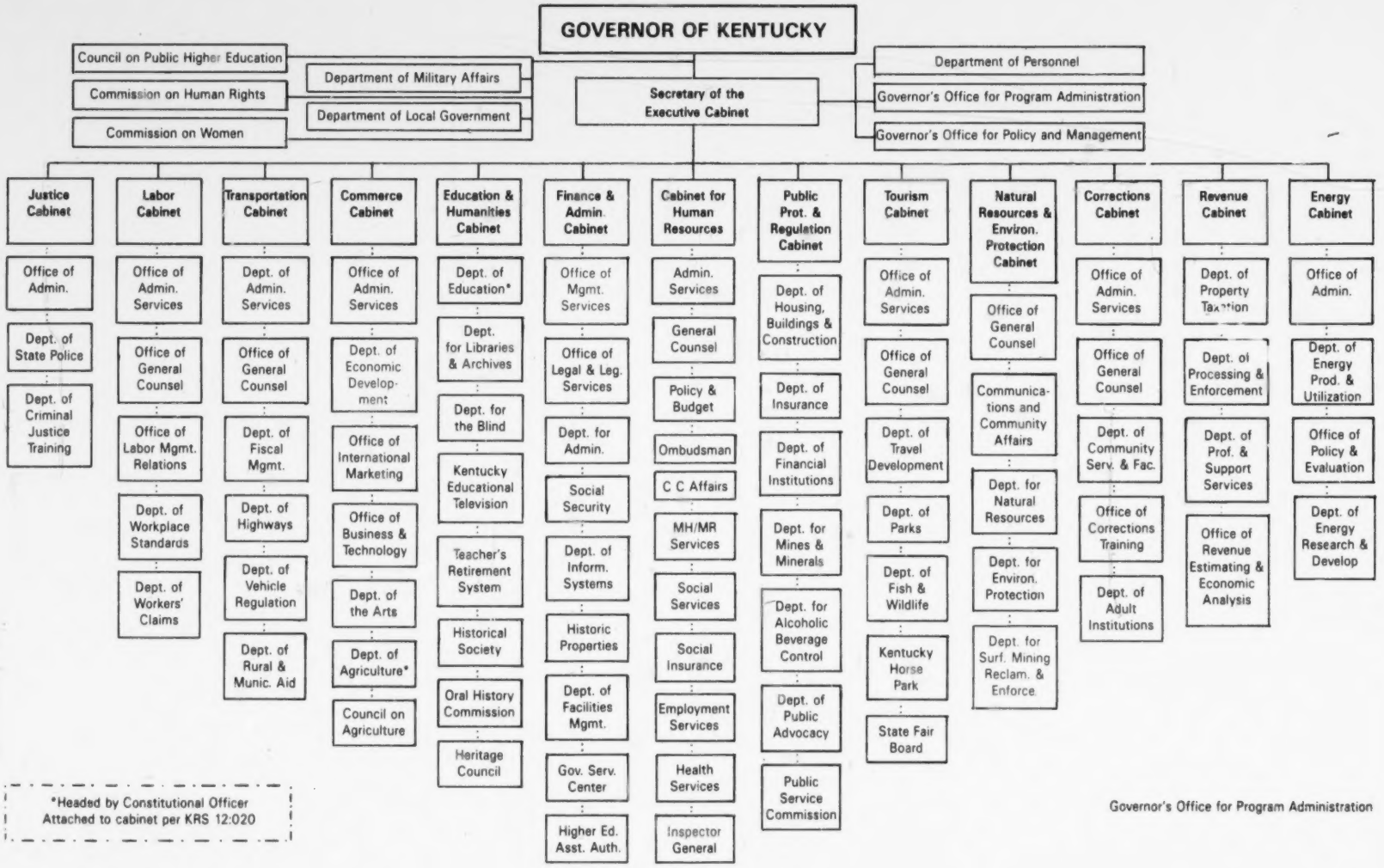
INTRODUCTORY SECTION



Governor's Office for Program Administration



Governor's Office for Program Administration

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MARTHA LAYNE COLLINS
GOVERNOR

GORDON C. DUKE
SECRETARY

OFFICE OF THE SECRETARY
FINANCE AND ADMINISTRATION CABINET
FRANKFORT, KENTUCKY 40601

May 30, 1986

The Honorable Martha Layne Collins
Governor, Commonwealth of Kentucky
The Capitol
Frankfort, Kentucky 40601

Dear Governor Collins:

The Commonwealth of Kentucky Annual Financial Report for the fiscal year ended June 30, 1985, has been prepared in compliance with generally accepted accounting principles (GAAP) for state governments. GAAP presentation measures the substance of transactions and events, not merely the receipt and disbursement of cash. During the year, the Commonwealth's central accounting records were maintained on a modified cash basis. At year end, all state agencies submitted closing financial data used to determine the assets, liabilities, and balances of all funds and account groups at June 30, 1985. This information was then combined with similar information for fiscal year 1984 and the necessary adjustments recorded to present fiscal year 1985 revenues and expenditures/expenses on a GAAP basis.

The combined financial statements have been examined by the Office of the Auditor of Public Accounts. Their examination was conducted in accordance with generally accepted auditing standards, and their opinion appears with this report.

General Governmental Funding
(budgetary basis)

General Fund revenue for the fiscal year ended June 30, 1985, was $2,546,764,699, an increase of 8% over fiscal year 1984. Sales and gross receipts taxes produced 37% of this total for the third year in a row. Individual income taxes yielded 31% compared to 30% last year. Together these taxes accounted for 68% of all fiscal year 1985 General Fund revenue collected. The chart in Figure 1 presents the major revenue sources and the respective amounts contributed to each General Fund revenue dollar.

An Equal Opportunity Employer M/F/H

General Fund expenditures for the fiscal year ended June 30, 1985, were $2,477,384,475, including transfers of $214,277,100. Fiscal year 1985 expenditures excluding transfers increased by 1.5% and transfers increased by 9% over fiscal year 1984. Most of the General Fund expenditures were for the following functions: education and humanities, 48%; general government, 23%; and human resources, 16%. The general government function includes $418,565,712 of expenditures and $231,668 of transfers for the state supported universities amounting to 17% of the General Fund total. The chart in Figure 2 presents the amount of each General Fund dollar expended or transferred for each function.

The General Fund ended the 1984-85 fiscal year with a cash surplus of $110,000,000. This is an increase of $69,000,000 over the surplus cash balance of $41,000,000 at the end of the 1983-84 fiscal year.

Governmental funds, including the General, Special Revenue, Debt Service, and Capital Projects Funds, finance most of the Commonwealth's functions. Revenues of the governmental funds were $4,963,671,291 for the fiscal year ended June 30, 1985, an increase of 10% over fiscal year 1984. The major sources of governmental fund revenues were intergovernmental, 27%; income taxes, 20%; and sales and gross receipts taxes, 19%. The chart in Figure 3 illustrates the amounts the major revenue source contributed to each dollar of revenue in the governmental funds.

Expenditures, excluding transfers, for the governmental funds were $4,825,095,420 for fiscal year 1985. This represents a 2% increase compared to the year ended June 30, 1984. The major functional areas of spending were education and humanities, 26%; human resources 25%; general government, 19%; and transportation, 14%. Together these four functions account for 84% of governmental fund expenditures.

Debt Administration

All general obligation bonds of the Commonwealth are rated AA by both Moody's Investors Service and Standard and Poor's. No such bond has been issued since 1965. Principal outstanding for general obligation bonds at June 30, 1985, was $186,010,000.

During fiscal 1985, the Commonwealth issued revenue bonds supported by General and Road Fund appropriations totaling $290,531,200. These issues received A ratings. The June 30, 1985, principal outstanding for all revenue bonds paid from appropriations of the General and Road Funds was $1,453,045,000.

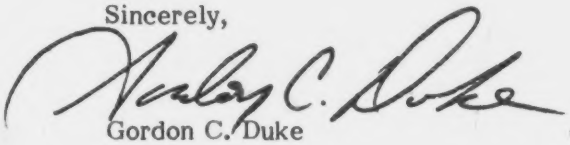
Cash Management

During fiscal year 1985, temporarily idle cash invested in repurchase agreements with Kentucky banks and U.S. government obligations produced revenue, excluding pension trust funds, of $141.2 million.

Acknowledgments

This report could not have been prepared without the services of the staff of the Division of Accounts, Finance and Administration Cabinet, and the cooperation of all agencies. I want to express my appreciation to all those who assisted and contributed to its preparation.

Sincerely,



Gordon C. Duke
Secretary

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MARTHA LAYNE COLLINS
GOVERNOR

GORDON C. DUKE
SECRETARY

CATTIE LOU MILLER
COMMISSIONER

EDGAR C. ROSS
DIRECTOR
DIV OF ACCOUNTS

COMMONWEALTH OF KENTUCKY
FINANCE AND ADMINISTRATION CABINET
DEPARTMENT FOR ADMINISTRATION
DIVISION OF ACCOUNTS
CAPITOL ANNEX
FRANKFORT, KENTUCKY 40601

May 30, 1986

The Honorable Gordon C. Duke
Secretary
Finance and Administration Cabinet
Frankfort, Kentucky 40601

Dear Secretary Duke:

Pursuant to Section 48.800(3) of the Kentucky Revised Statutes, we present herewith the annual financial report for the fiscal year ended June 30, 1985.

The Comprehensive Annual Financial Report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), and by Audit of State and Local Governmental Units issued by the American Institute of Certified Public Accountants (AICPA). The financial statements for the university and college funds have been prepared in conformity with Generally Accepted Accounting Principles as prescribed by the National Association of College and University Officers and Audits of Colleges and Universities issued by the AICPA. We believe this report presents fairly and in conformity to GAAP, except as indicated in the Notes to the financial statements, the financial condition and operations of the Commonwealth of Kentucky.

Concise, accurate, and full disclosure in financial reporting is a prerequisite to effective fiscal management. We hope the information presented will assist legislators, government officials, investors, and concerned citizens in their evaluation of the financial condition of the Commonwealth of Kentucky.

Respectfully submitted,

Edgar C. Ross

Edgar C. Ross, Director
Division of Accounts

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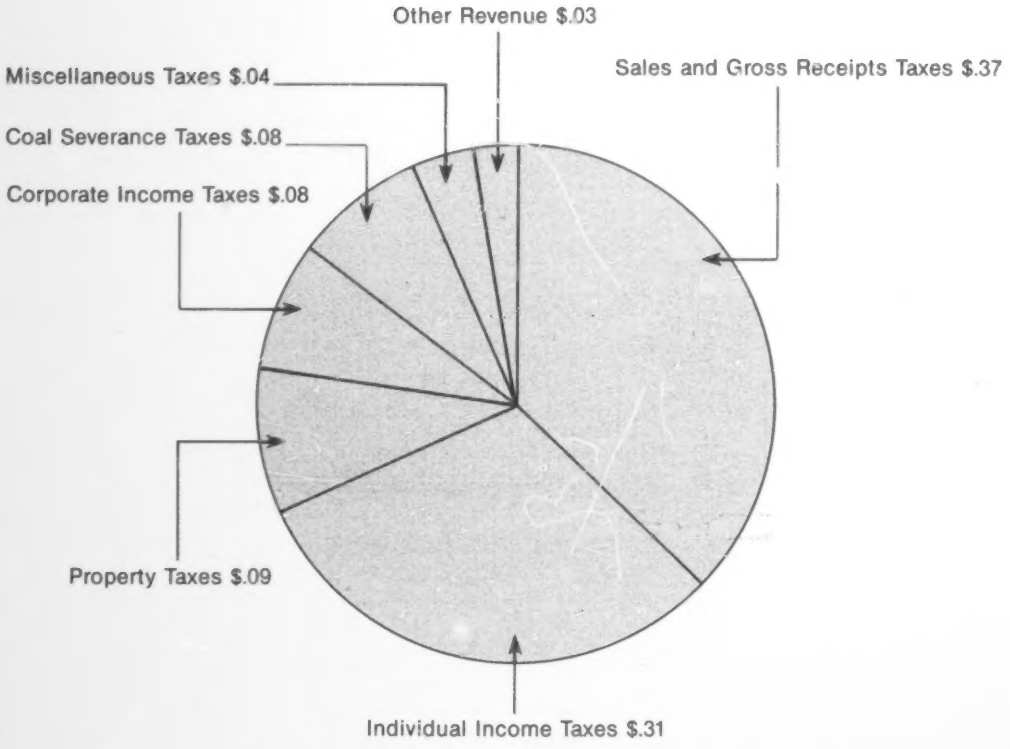
Figure 1

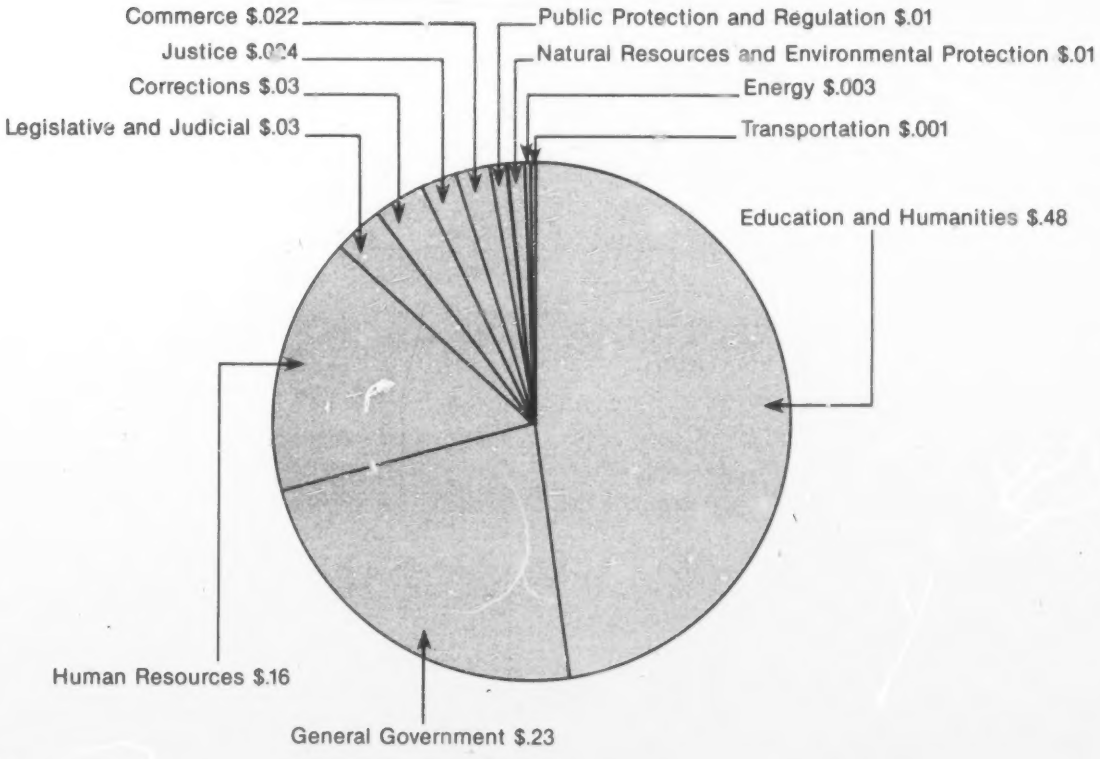
REVENUE DOLLAR
GENERAL FUND
(budgetary basis)
Fiscal Year 1985



Sales and Gross Receipts Taxes	$ .37
Individual Income Taxes	.31
Property Taxes	.09
Corporate Income Taxes	.08
Coal Severance Taxes	.08
Miscellaneous Taxes	.04
Other Revenue	.03
TOTAL	$1.00

Figure 2

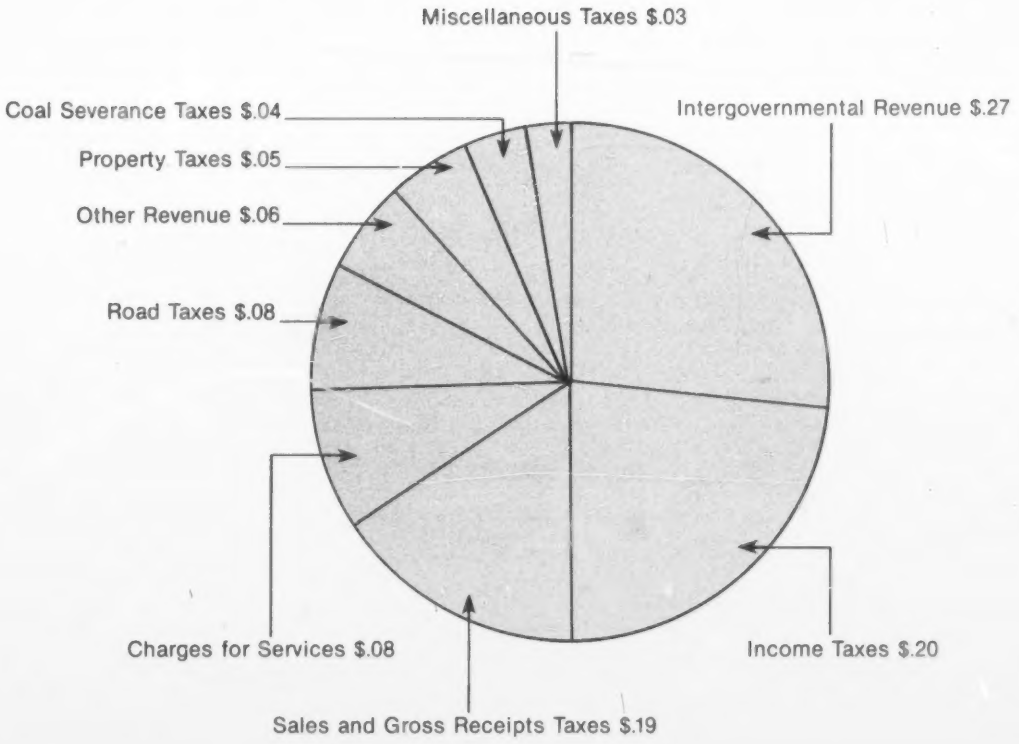
EXPENDITURE DOLLAR
GENERAL FUND
(budgetary basis)
Fiscal Year 1985



Education and Humanities	$ .48
General Government	.23
Human Resources	.16
Legislative and Judicial	.03
Corrections	.03
Justice	.024
Commerce	.022
Public Protection and Regulation	.01
Natural Resources and Environmental Protection	.01
Energy	.003
Transportation	.001
TOTAL	$1.00

Figure 3

REVENUE DOLLAR
GOVERNMENTAL FUNDS*
(budgetary basis)
Fiscal Year 1985

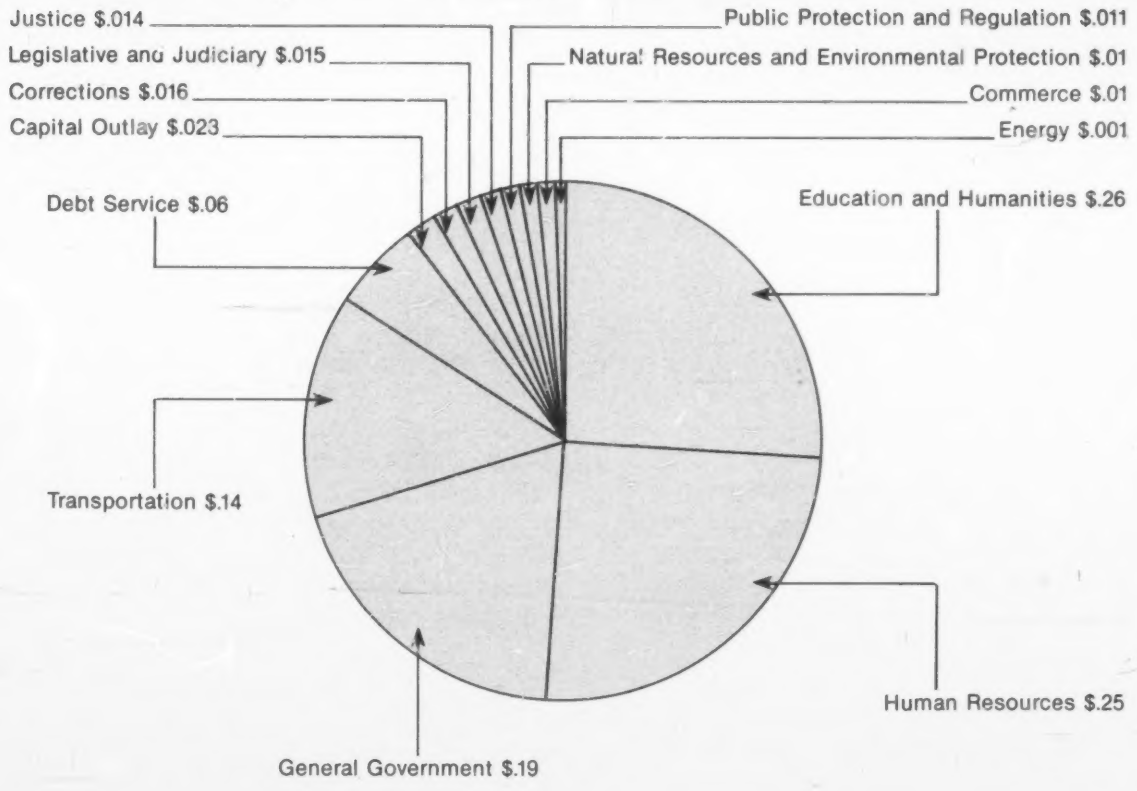


*Governmental Funds
- General Fund
- Debt Service Fund
- Capital Projects Fund
- Transportation Fund
- Federal Fund
- Agency Revenue Fund
- Other Special Revenue Fund

Intergovernmental Revenue	$ .27
Income Taxes	.20
Sales and Gross Receipt Taxes	.19
Charges for Services	.08
Road Taxes	.08
Other Revenue	.06
Property Taxes	.05
Coal Severance Taxes	.04
Miscellaneous Taxes	.03
TOTAL	$1.00

Figure 4

EXPENDITURE DOLLAR
GOVERNMENTAL FUNDS*
(budgetary basis)
Fiscal Year 1985



*Government Funds
- General Fund
- Debt Service Fund
- Capital Projects Fund
- Transportation Fund
- Federal Fund
- Agency Revenue Fund
- Other Special Revenue Fund

Education and Humanities	$ .26
Human Resources	.25
General Government	.19
Transportation	.14
Debt Service	.06
Capital Outlay	.023
Corrections	.016
Legislative and Judiciary	.015
Justice	.014
Public Protection and Regulation	.011
Natural Resources and Environmental Protection	.01
Commerce	.01
Energy	.001
TOTAL	$1.00

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FINANCIAL SECTION

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Auditor's Opinion Letter

MARY ANN TOBIN
AUDITOR OF PUBLIC ACCOUNTS
COMMONWEALTH
OF KENTUCKY

Capitol Annex
Suite 158
Frankfort, KY 40601
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800-372-2580
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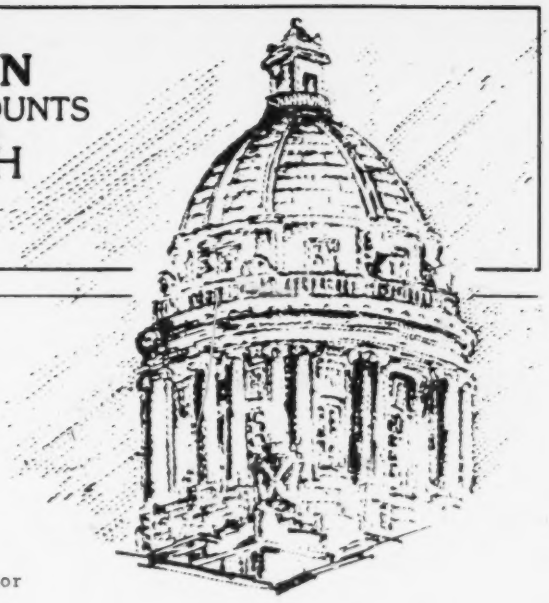

April 18, 1986

To the People of Kentucky
Honorable Martha Layne Collins, Governor
Mr. Gordon C. Duke, Secretary
Finance and Administration Cabinet

We have examined the general purpose financial statements of the Commonwealth of Kentucky as of and for the year ended June 30, 1985, as listed in the Table of Contents. Except as set forth in the following paragraph, our examination was made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of certain component units within the Governmental Funds; the State Fair Board, Kentucky Center for the Arts, and Debt Issuing Authorities within the Proprietary Funds; the Pension Trust Funds within the Fiduciary Funds; and the University and College Fund. These component units represent total assets of 18, 90, 91, and 100 percent; total revenues of 14, 60, 63, and 100 percent; and total expenditures/expenses of 12, 50, 47, and 100 percent, respectively, of the related combined totals of the Governmental Funds, Proprietary Funds, Fiduciary Funds, and University and College Fund. These financial statements were audited by other auditors whose reports thereon were furnished to us, and our opinion expressed herein, insofar as it relates to the financial statements included for the component units referred to above, is based solely upon the reports of the other auditors.

The Commonwealth is in the process of establishing appropriate records for fixed assets. However, historical cost records for land and buildings are incomplete or not available, and as a result, land and buildings are not reported in the General Fixed Assets Account Group. Detail records are not available to support the amounts reported and an uncertainty exists for the amounts not reported. Therefore, we were unable to apply adequate auditing procedures relating to the fixed asset balances in the General Fixed Assets Account Group, Enterprise Fund, and Internal Service Fund as of June 30, 1985.

Accumulated unpaid vacation and compensatory time accruals for the Enterprise and Internal Service Funds are reported in the General Long-Term Obligations Account Group. Generally accepted accounting principles require that these fund-fixed liabilities be reported in the Proprietary Funds. As a result, Enterprise Fund liabilities are understated by $1.6 million or 9 percent, and Internal Service Fund liabilities are understated by $2.3 million or 12 percent.

Included in the Capital Projects Fund is an account receivable of $11.6 million, which represents 10.8 percent of total assets and 13.2 percent of the fund balance for that Fund. This receivable is due from the City of Louisville and Jefferson County for an advance made to them relating to the construction of a hospital, and has been outstanding since 1978. No allowance for uncollectibility was reported for this receivable. We were unable to obtain sufficient evidence to satisfy ourselves that the advance will be repaid.

During the fiscal year, the Commonwealth made several changes in its reporting practices which affected the composition of certain funds and account groups. These changes, with which we concur, included the movement of certain fixed assets from the General Fixed Assets Account Group to the Proprietary Funds, the movement of certain bonded indebtedness from the General Long-Term Obligations Account Group to the Proprietary Funds, the movement of certain debt service activity from the Special Revenue Fund to the Debt Service Fund, and the deletion of machinery and equipment items costing between $300 and $499. In prior years, the Commonwealth reported all such items costing $300 or over. These changes had a material effect on the presentation of the Debt Service Fund, Enterprise Fund, and General Fixed Assets Account Group, as compared to their presentation in prior year financial statements of the Commonwealth.

The independent certified public accountant's report on the financial statements of Murray State University, performed as referred to above in the first paragraph, contained a disclaimer of opinion. Murray State University represents 6 percent of the total University and College Fund.

Because of the conditions described above in paragraphs two and three, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to above for the General Fixed Assets Account Group, Enterprise Fund, and Internal Service Fund. In our opinion, based on our examination and the reports of other auditors, except for the effects of the matter discussed in the fourth paragraph above, for the remaining funds and account group the general purpose financial statements, referred to above, present fairly the financial position of the Commonwealth of Kentucky at June 30, 1985, and the results of its operations and the changes in financial position of its Proprietary Fund and similar Trust Funds for the year then ended, in conformity with generally accepted accounting principles, applied on a basis consistent with that of the preceding year, except as it relates to the Debt Service Fund, as discussed in the fifth paragraph above.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements included in this report on pages 33 through 85 are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Commonwealth of Kentucky. These statements have been subjected to the auditing procedures applied in the examination of the general purpose financial statements. In our opinion, except for the financial statements of the Enterprise Fund and Internal Service Fund on which, as explained above, we are not expressing an opinion, and except for the effects of the matter discussed in the fourth paragraph above, the combining and individual fund statements are fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The statistical and economic data presented in this report on pages 87 through 94 were not audited by us, and, accordingly, we do not express an opinion thereon.

Yours for a better Kentucky,

Mary Ann Tobin

Mary Ann Tobin
State Auditor of Public Accounts

COMMONWEALTH OF KENTUCKY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1985
(EXPRESSED IN THOUSANDS)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets				
Cash and cash equivalents (Note 1)	$ 137,957	$ 476,629	$ 41,733	$ 69,981
Cash with fiscal agents		1,266	84,454	
Cash on deposit with Federal Government				
Restricted investments	233,850			
Investments (Note 1)		408,295		19,956
Accrued investment income				
Receivables, net (Note 1)	229,131	184,939	1,313	17,321
Interfund receivables	4,239	66,884	31,784	
Inventories	5,876	29,899		
Restricted assets		870		
Prepaid benefits				
Deferred charges				
Other		14,306		
Land				
Buildings and improvements				
Machinery and equipment				
Less accumulated depreciation				
Library books				
Livestock				
Fixed assets				
Construction in progress				
Amount available in Debt Service Fund				
Amounts to be provided in future years for retirement of general long-term obligations				
Total assets, net	$ 611,053	$1,183,088	$ 159,284	$ 107,258

Proprietary Fund Types			Fiduciary Fund Types	Account Groups		University & College Fund Types	Totals (Memorandum Only)
Enterprise	Internal Service	Debt Issuing Authorities	Trust and Agency	General Fixed Assets	General Long-term Obligations	University	June 30, 1985
$ 10,541	$ 8,627	$ 99,422	$ 360,579	$	$	$ 165,158	$ 1,370,627
10,541		142	654			3,690	100,747
			41,191				41,191
							233,850
		297,104	3,129,106			193,486	4,047,947
			52,542				52,542
1,150	1,648	929,114	124,767			109,678	1,599,061
204	333					47,636	151,080
3,058	2,738					13,868	55,439
							870
			4,488				4,488
355		19,023					19,378
16		95	4,932			8,960	28,309
61,375	1,871	762				58,797	122,805
163,623	9,425	51				988,279	1,161,378
21,687	37,945	265		239,617		249,356	548,870
(71,456)	(18,308)	(77)					(89,841)
						96,076	96,076
						582	582
						9,040	9,040
						23,543	23,543
					125,963		125,963
					2,197,226		2,197,226
$ 201,094	$ 44,279	$1,345,901	$3,718,259	239,617	2,323,189	$1,968,149	$ 11,901,171

COMMONWEALTH OF KENTUCKY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1985
(EXPRESSED IN THOUSANDS)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities and Fund Equity				
Liabilities				
Accounts payable	$ 400,248	$ 165,149	$ 30,750	$ 6,305
Accrued liabilities				
Interfund payables (Note 1)	3,690	97,888	1,070	453
Deposits and advance payments				
Deferred revenue	55,171	29,267		12,682
Lease-purchase agreements				
Notes payable (Note 9)				
Bonds payable (Note 9)				
Amounts held in custody for others				
Other liabilities		1,413	1,501	
Total Liabilities	459,109	293,717	33,321	19,440
Fund Equity				
Investment in fixed assets				
Contributed capital				
Retained earnings:				
Reserved				
Unreserved				
Fund balance (Note 1)				
Reserved for:				
Encumbrances		83,203		11,531
Continued appropriations	2,547	102,328		68,626
Revenue bond retirement			120,439	
Loans		25,303		
Investments		3,755		
Inventories	5,876	29,899		
Employee retirement systems				
Deferred compensation				
Compensating balance with depositories		870		
Other specific purposes				
Unreserved:				
Designated for debt service		252,517	5,524	
Designated for universities and colleges				
Designated for other specific purposes				5,958
Undesignated	143,521	391,496		1,703
Total fund equity	151,944	889,371	125,963	87,818
Total liabilities and fund equity	$ 611,053	$1,183,088	$ 159,284	$ 107,258

See accompanying notes to combined financial statements.

Proprietary Fund Types			Fiduciary Fund Types	Account Groups		University & College Fund Types	Totals (Memorandum Only)
Enterprise	Internal Service	Debt Issuing Authorities	Trust and Agency	General Fixed Assets	General Long-term Obligations	University	June 30, 1985
$ 3,953	$ 3,447	$ 35,213	$ 6,486	$	$	$ 39,107	$ 690,658
						29,049	29,049
224	49		70			47,636	151,080
						354	354
1,597	2,220	1,202	22,650			11,638	136,427
500	13,323				2,958		16,781
355		20,112				10,803	31,270
10,183		1,101,347			1,639,055	427,210	3,177,795
			50,248			5,617	55,865
8		6,640	63		681,176	5,496	696,297
16,820	19,039	1,164,514	79,517		2,323,189	576,910	4,985,575
				239,617		978,079	1,217,696
75,624							75,624
11,551		162,007					173,558
97,099	25,240	19,380					141,719
						4,833	99,567
							173,501
							120,439
							25,303
			5,326				9,081
							35,775
			3,391,730				3,391,730
			80,167				80,167
							870
						362,805	362,805
							258,041
						45,522	45,522
							5,958
			161,519				698,239
184,274	25,240	181,387	3,638,742	239,617		1,391,239	6,915,595
$ 201,094	$ 44,279	$1,345,901	$3,718,259	$ 239,617	$2,323,189	$1,968,149	$ 11,901,171

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COMMONWEALTH OF KENTUCKY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	June 30, 1985
Revenues:						
Taxes	$2,451,213	$ 408,652	$	$	$ 339,900	$ 3,199,765
Licenses, fees, and permits		79,313				79,313
Intergovernmental	740	1,224,320		14,647	34,528	1,374,235
Charges for services	1,358	129,519			514	131,391
Fines and forfeits	27,959	3,633			2,288	33,880
Interest and other investment income	29,196	28,822	16,018	18,283	2,662	94,981
Other	19,659	118,971		142	14,355	153,127
Total revenues	2,530,125	2,093,230	16,018	33,072	394,247	5,066,692
Expenditures:						
Current:						
General government	148,972	129,579		12,700	7	291,258
Legislative and judicial	69,833	202				70,035
Commerce	18,800	15,172		23,013	4	56,989
Education and humanities	1,036,368	227,389		4,235	3	1,267,995
Energy	2,143	1,257		67		3,467
Human resources	391,675	846,138		7,081	197,505	1,442,399
Justice	57,956	11,587		741		70,284
Natural resources and environmental protection	23,919	22,021		25,753		71,693
Corrections	76,350	685		5,691		82,726
Public protection and regulation	25,621	27,804		32	62,081	115,538
Transportation	1,105	707,749		59		708,913
Debt service:						
Principal retirement			52,331			52,331
Interest and fiscal charges			142,391			142,391
Total expenditures	1,852,742	1,989,583	194,722	79,372	259,600	4,376,019
Excess of revenues over (under) expenditures	677,383	103,647	(178,704)	(46,300)	134,647	690,673
Other financing sources (uses):						
Proceeds from sale of bonds			10,059	57,803		67,862
Operating transfers in	1,016	94,861	193,092	7,747	1,873	298,589
Operating transfers out	(654,486)	(254,325)	(16,403)	(3,390)	(5,063)	(933,667)
Other financing sources (uses)		54,869	(7,568)			47,301
Increase (decrease) in inventories	(1,725)	1,223			(25)	(527)
Total other financing sources (uses)	(655,195)	(103,372)	179,180	62,160	(3,215)	(520,442)
Excess of revenues and other financing sources over (under) expenditures and other uses	22,188	275	476	15,860	131,432	170,231
Fund balances at July 1, 1984, as restated (Note 2)	129,756	889,056	125,487	71,958	35,236	1,251,493
Equity transfer in (out)		40			(26)	14
Fund balances at June 30, 1985	$ 151,944	$ 889,371	$ 125,963	$ 87,818	$ 166,642	$ 1,421,736

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINED STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS)
ALL BUDGETED FUND GROUPS (NOTE 3)
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	General Fund			Transportation		
	Budget	Actual	Variance-favorable (unfavorable)	Budget	Actual	Variance-favorable (unfavorable)
Revenues:						
Taxes	$2,417,638	$2,467,696	$ 50,058	$ 333,325	$ 376,040	$ 42,715
Licenses, fees, and permits				88,299	60,296	(28,003)
Intergovernmental	3,300	3,683	383		5,741	5,741
Charges for services	17,278	14,107	(3,171)	26,921	27,935	1,014
Fines and forfeits	25,302	25,988	686	150	226	76
Interest and other investment income	28,000	29,118	1,118	16,300	15,966	(334)
Other	2,920	7,156	4,236	3,300	65,943	62,643
Total revenues	2,494,438	2,547,748	53,310	468,295	552,147	83,852
Expenditures:						
Current:						
General government	587,241	577,339	9,902			
Legislative and judicial	74,064	73,210	854			
Commerce	57,787	53,228	4,559			
Education and humanities	1,190,416	1,182,223	8,193			
Energy	8,873	8,180	693			
Human resources	393,032	392,110	922			
Justice	59,204	59,097	107			
Natural resources and environmental protection	24,049	23,784	265			
Corrections	80,422	80,102	320			
Public protection and regulation	26,926	25,845	1,081			
Transportation	2,351	1,672	679	536,772	535,583	1,189
Total expenditures	2,504,365	2,476,790	27,575	536,772	535,583	1,189
Excess of revenues over (under) expenditures	$ (9,927)	$ 70,958	$ 80,885	$ (68,477)	$ 16,564	$ 85,041

See accompanying notes to combined financial statements.

Federal			Trust and Agency			Capital Construction		
Budget	Actual	Variance-favorable (unfavorable)	Budget	Actual	Variance-favorable (unfavorable)	Budget	Actual	Variance-favorable (unfavorable)
$	$	$	$	$ 71,659	$	$	$	$
	3			21,290				
	1,302,437			9,574			27,134	
	29			440,775			3,713	
				2,935				
				18,533			24,601	
	32,636			294,553			65,208	
	1,335,105			859,319			120,656	
66,001	50,953	15,048	654,121	495,511	158,610	82,010	44,940	37,070
39	32	7	997	5	992			
6,538	3,049	3,489	78,792	62,610	16,182	35,727	22,977	12,750
216,005	210,397	5,608	29,349	23,233	6,116	9,927	4,233	5,694
1,826	1,164	662	896	723	173	216	67	149
823,654	789,501	34,153	74,746	70,359	4,387	25,393	7,080	18,313
4,192	2,697	1,495	10,380	9,155	1,225	836	741	95
22,666	16,562	6,104	9,261	6,859	2,402	77,047	25,565	51,482
552	375	177	7,557	6,591	966	14,963	5,784	9,179
5,570	4,664	906	93,531	89,755	3,776	50	32	18
269,607	250,909	18,698	3,009	1,452	1,557	394	59	335
1,416,650	1,330,303	86,347	962,639	766,253	196,386	246,563	111,478	135,085
$	$ 4,802	$	$	$ 93,066	$	$	$ 9,178	$

COMMONWEALTH OF KENTUCKY
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY-ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Proprietary Fund Types			Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	Debt Issuing Authority	Nonexpendable Trust	Pension Trust	June 30, 1985
Operating revenues:						
Charges for services	$ 44,426	$ 54,533	$ 3,441	$	$	$ 102,400
Intergovernmental	41					41
Contributions				11,568	358,969	370,537
Interest and other investment income	1,279		113,201	7,647	310,240	432,367
Other	1,057	11	2,546		21,933	25,547
Total operating revenues	46,803	54,544	119,188	19,215	691,142	930,892
Operating expenses:						
Personal services	33,228	25,401	665			59,294
Utilities, rentals, and other services	12,601	22,213	2,580			37,394
Commodities and supplies	12,589	8,486	85			21,160
Administrative expense				152	2,757	2,909
Grants and susbsidies	1,159	803	2,845			4,807
Depreciation and amortization	6,522	5,864	2,311			14,697
Benefits				2,033	196,785	198,818
Refund of contributions					15,693	15,693
Interest	552		79,647			80,199
Judgements	38					38
Other	768	104	6,704	114	13,101	20,791
Total operating expenses	67,457	62,871	94,837	2,299	228,336	455,800
Operating income (loss)	(20,654)	(8,327)	24,351	16,916	462,806	475,092
Nonoperating revenues (expenses)	1,677		48			1,725
Income (loss) before operating transfers	(18,977)	(8,327)	24,399	16,916	462,806	476,817
Operating transfers in	16,273	14,355			7,976	38,604
Operating transfers out	(1,453)	(9,998)			(4,660)	(16,111)
Other financing sources (uses)	7,662	(303)				7,359
Net income (loss)	3,505	(4,273)	24,399	16,916	466,122	506,669
Fund Equity at July 1, 1984, as restated (Note 2)	180,767	29,513	156,988	63,454	2,925,608	3,356,330
Equity transfers in (out)	2					2
Fund Equity at June 30, 1985	$ 184,274	$ 25,240	$ 181,387	$ 80,370	$3,391,730	$ 3,863,001

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION-
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Proprietary Fund Types			Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	Debt Issuing Authority	Nonexpendable Trust	Pension Trust	June 30, 1985
Sources of working capital:						
Operations:						
Net income (loss)	$ 3,505	$ (4,273)	$ 24,399	$ 16,916	$ 466,122	$ 506,669
Equity transfers in (out)	2					2
Items not requiring working capital:						
Depreciation and amortization	6,522	5,864	2,306	(2)	(10,084)	4,606
(Gain) loss from fixed asset disposition	79	305				384
Other			172			172
Working capital provided by operations	10,108	1,896	26,877	16,914	456,038	511,833
Proceeds from fixed assets dispositions	76	177	260			513
Proceeds from sale of bonds			191,541			191,541
Other	40	9,569	17,648			27,257
Total sources of working capital	10,224	11,642	236,326	16,914	456,038	731,144
Uses of working capital:						
Acquisition of fixed assets	13,141	15,539	181			28,861
Decrease in long-term debt	862		78,400			79,262
Increase in noncurrent receivables			34,129			34,129
Purchase of long-term investments			13,635		356,783	370,418
Other			2,995		9,115	12,110
Total uses of working capital	14,003	15,539	129,340		365,898	524,780
Net increase (decrease) in working capital	$ (3,779)	$ (3,897)	$ 106,986	$ 16,914	$ 90,140	$ 206,364
Elements of net increase (decrease) in working capital:						
Cash and cash equivalents	$ (4,021)	$ (193)	$ 59,317	$ 257	$ 62,820	$ 118,180
Cash with fiscal agents	93		(332)			(239)
Investments			61,670	16,653	8,292	86,615
Accrued investment income					2,413	2,413
Receivables	(189)	1,275	144	(2)	9,073	10,301
Interfund receivables	(263)	(7,357)	4			(7,616)
Inventories	173	330				503
Other assets	54		2		80	136
Warrants payable	242	3,790			7,813	11,845
Accounts payable and accruals	(150)	935	(7,971)	6	(294)	(7,474)
Interfund payables	328	1,397	(5)			1,720
Deferred revenues	(402)	(363)	(316)			(1,081)
Other liabilities	7		(3,402)		(57)	(3,452)
Current portion of long-term debt	462		(2,125)			(1,663)
Current portion of lease-purchase agreements	(113)	(3,711)				(3,824)
Net increase (decrease) in working capital	$ (3,779)	$ (3,897)	$ 106,986	$ 16,914	$ 90,140	$ 206,364

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY
ALL UNIVERSITY AND COLLEGE FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Current Funds	Fiduciary Funds	Plant Funds	Total June 30, 1985
Revenues and other additions:				
Unrestricted current fund revenues:				
General	$ 182,811	$	$	$ 182,811
Auxiliary enterprise and hospital	142,512			142,512
Restricted current fund revenues:				
Restricted gifts, grants, and contracts	45,952	15,892	6,009	67,853
Investment and interest income	2,111	8,205	8,093	18,409
Governmental grants and contracts	48,928	34,873	1,804	85,605
Transfer from State Treasury	420,661			420,661
Expended for plant facilities			26,685	26,685
Other additions	22,899	24,400	3,210	50,509
Total revenue and other additions	865,874	83,370	45,801	995,045
Expenditures and other deductions:				
Educational and general expenditures	695,968			695,968
Auxiliary enterprise and hospital expenditures	143,761			143,761
Indirect costs recovered	(4,520)			(4,520)
Refunds to grantors	21	40	106	167
Administrative costs		464		464
Loan cancellations		873		873
Payments to beneficiaries		977		977
Expended for plant facilities			150	150
Interest payments			27,166	27,166
Disposal of plant facilities			6,546	6,546
Bonds and notes issued			540	540
Other deductions	1,310	58,061	6,102	65,473
Total expenditures and other deductions	836,540	60,415	40,610	937,565
Transfers among funds-additions (deductions)	(990)	(16,897)	51,891	34,004
Net increase in fund balances	28,344	6,058	57,082	91,484
Fund equity at July 1, 1984	87,582	175,861	1,036,312	1,299,755
Fund equity at June 30, 1985	$ 115,926	$ 181,919	$ 1,093,394	$ 1,391,239

See accompanying notes to combined financial statements.

Note 1 - Significant Accounting Policies

A. Basis of Presentation - The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as originally prescribed by the National Council on Governmental Accounting (NCGA), later affirmed by the Governmental Accounting Standards Board (GASB); and by Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants (AICPA). The financial statements for the University and College Funds have been prepared in conformity with generally accepted accounting principles as prescribed by the National Association of College and University Business Officers and Audits of Colleges and Universities issued by the AICPA.

B. Scope of Entity - The accompanying financial statements include all fund types and account groups of the offices of statewide elected constitutional officers; all cabinets and agencies within the executive branch; the General Assembly and its support agency, the Legislative Research Commission; the Supreme Court, Court of Appeals, and their support agency, the Administrative Office of the Courts; the state-supported universities, and the statutory boards and commissions. Oversight responsibility for these governmental organizations is vested in constitutionally established, elected offices. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, and scope of public service.

Municipalities, counties, and local school, fire, water, and other special purpose districts whose scope of service is not statewide in nature are not considered part of the Commonwealth's reporting entity. In addition, interstate commissions, where oversight responsibility is remote, are not considered part of the Commonwealth's reporting entity.

C. Fund Structure and Basis of Accounting - The accompanying financial statements are structured into four fund categories and two account groups. The fund categories include governmental funds, proprietary funds, fiduciary funds, and university and college funds. Account groups are presented for general fixed assets and general long-term obligations.

Governmental funds include:

1. General Fund - accounts for financial resources appropriated by the General Assembly which are not required to be accounted for in another fund;

2. Special Revenue Fund - accounts for specific revenue sources, other than for expendable trusts or major capital projects, (except for Turnpike Authority resource recovery roads), dedicated to specific operations;

3. Debt Service Fund - accounts for the accumulation of resources for, and the payment of, general long-term obligation principal and interest, and related administrative costs; and

4. Capital Projects Fund - accounts for financial resources appropriated by the General Assembly for the acquisition, construction, or renovation of major capital facilities, and for the acquisition of major equipment, other than those financed by proprietary funds, certain trust funds, and university and college funds.

All of the governmental funds are accounted for on the modified accrual basis of accounting. In accordance with the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recorded at the time liabilities are incurred except:

a. Inventories generally are considered expenditures at acquisition;
b. Prepayments usually are accounted for as expenditures of the period of acquisition; and
c. Interest on long-term debt is recorded when paid.

Proprietary funds include:

1. Enterprise Fund - accounts for the Commonwealth's operations where the intent is that costs of providing goods and services primarily to the general public be financed chiefly through customer charges; and

2. Internal Service Fund - accounts for financing goods and services provided by one agency of the Commonwealth primarily to other agencies or governments on a cost reimbursement basis.

3. Public Benefit Corporations - in compliance with NCGA Statement No. 3, "Defining the Governmental Reporting Entity", the Commonwealth has included in the general purpose financial statements several organizations which meet the criteria established by Statement No. 3. The criteria for inclusion was determined on the basis of accountability for fiscal matters, designation of management, ability to significantly influence operations, selection of governing authority, scope of public service, and any special relationships. The inclusion of an organization in no way alters the defined prerogatives of the management of the organization, the organization's charter, statutory authority, or legal characteristics or conditions. Five such organizations have been included in the Proprietary Fund Type classification of the Commonwealth. They are: The Kentucky Center for the Arts, Inc., Kentucky Housing Corporation, Pollution Abatement Authority, Kentucky Higher Education Student Loan Corporation, and Kentucky Development Finance Authority. All organizations have been audited by independent certified public accounting firms and the amounts reported are based solely on the audited reports provided by those organizations.

All of the proprietary funds are accounted for on the accrual basis of accounting. Accordingly, revenues are recognized when they are earned and become measurable. Expenditures are recorded at the time liabilities are incurred.

Fiduciary Funds include:

1. Expendable Trust Fund - accounts for assets held by the Commonwealth as a legal trustee when both principal and interest may be expended for designated purposes.

2. Nonexpendable Trust Fund - accounts for assets held by the Commonwealth as a legal trustee in situations requiring that the principal be preserved intact and only the interest be expended as designated.

3. Pension Trust Funds - account for monies received for, expenses incurred by, and net assets available for plan benefits of the various public employee retirement systems; and

4. Agency Funds - account for monies held by the Commonwealth for custodial purposes only.

Expendable Trust and Agency Funds are accounted for on the modified accrual basis of accounting and are reported as a governmental fund type. Nonexpendable and Pension Trust Funds are accounted for on the accrual basis of accounting and reported as proprietary fund types.

University and College Funds include:

1. Current Funds - account for economic resources of the institution which are expendable for any purpose in performing the primary objectives of the institution and which have not been designated by the governing body for any other purpose; and for resources restricted for specific current operating purposes by a donor or other external agency;

2. Fiduciary Funds - account for assets held by loan, endowment, life income, and agency funds in which the universities act in a fiduciary capacity; and

3. Plant Funds - account for institutional property acquisition, renewal, replacement, debt service, and investment.

4. Affiliated Corporations - account for the activities of not-for-profit corporations which are affiliated with the various state universities. The not-for-profit corporations are considered to be affiliates of their respective universities due to interlocking Boards of Directors and officers who also serve as officers of the Universities. University of Kentucky affiliates are: University of Kentucky Research Foundation, The Fund for Advancement of Education and Research in the University of Kentucky Medical Center, University of Kentucky Athletic Association, Health Care Collection Services, Inc., University of Kentucky Mining Engineering Foundation, Inc., and University of Kentucky Business Partnership Foundation, Inc. Murray State University affiliate is the Murray State University Foundation, Inc. Eastern Kentucky University affiliate is the Eastern Kentucky University Foundation, Inc. Western Kentucky University affiliate is the College Heights Foundation, Inc. University of Louisville affiliate is University of Louisville Foundation, Inc. Northern Kentucky University affiliate is the Northern Kentucky University Foundation, Inc. Kentucky State University affiliate is the Kentucky State University Foundation, Inc.

The university and college funds are accounted for on the accrual basis of accounting.

Account Groups include:

1. General Fixed Assets Account Group - accounts for fixed assets acquired or constructed for general governmental purposes; other than those of the proprietary, fiduciary, and university and college fund types; and

2. General Long-Term Obligation Account Group - accounts for unmatured general long-term liabilities of the Commonwealth other than those of the proprietary, fiduciary, and university and college fund types.

   Certain obligations included in the General Long-Term Obligations Account Group for the State Property and Building Commission are also reflected in the statements as investments. The Unemployment Compensation Commission Administration accounts per KRS 341.296 have been invested in obligations of the State Property and Building Commission. These are Project 2 Series J bonds and Project 11 series A and B bonds.

D. Budget - Biennium budgets are prepared principally on the cash basis, are adopted as amended by the General Assembly, and are enacted into law by the passage of appropriation acts. Separate appropriations are enacted for each fiscal year of a biennium. The appropriation acts authorize the maximum amount to be expended by each budget unit. In accordance with the applicable statutes, appropriations can be amended by the Secretary of the Finance and Administration Cabinet. Budgetary control is maintained at the budget unit (i.e., function, major program area, program, or unit of organization). Encumbrance accounting is utilized for budgetary control purposes. Encumbrances outstanding at year end for long-term construction contracts and other commitments of a continuing nature are reported as reservations of fund balance for subsequent year expenditure. All other encumbrances and unencumbered appropriations lapse at the end of each fiscal year. Revenues are budgeted only for the General Fund and the Transportation Fund.

General Fund appropriations for the fiscal year ended June 30, 1985, were $2,504,364,722. This represents regular appropriations of $2,492,040,900 and statutory revisions of $12,323,822. Transportation Fund appropriations were $970,148,645 for the same period. This was made up of $467,115,765 regular appropriations and $503,032,880 of statutory revisions.

Capital projects are budgeted by project for the total project cost. Although a "budget" for capital projects is authorized annually, this annual budget is the total authorized appropriations for new projects and approved revisions in the projects in progress. Therefore, the annual budget does not control the annual expenditures.

The amounts presented as budgeted expenditures for the capital construction funds in the accompanying Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - All Budgeted Fund Groups, represent the maximum expenditure authority for the fiscal year. As of June 30, 1985, total project expenditures of $927,402,113 had been expended against total appropriations of $1,062,487,185 leaving unexpended appropriations of $135,085,072.

Since the budget fund structure differs from the financial statement fund structure, and since the annual budget is prepared principally on the cash basis, which basis differs from generally accepted accounting principles (GAAP), actual amounts in the accompanying budgetary comparison statement are presented on the budgetary fund structure. A reconciliation between the budgetary basis and the GAAP basis is presented in Note 3.

E. Cash and Cash Equivalents - In addition to bank accounts and imprest cash, this classification includes short-term investments such as certificates of deposit, U. S. Treasury bills, and repurchase agreements. Cash equivalents are stated at cost, which approximates market.

F. Investments - This classification includes long-term investments, principally the Pension Trust Fund portfolio, which are stated at cost or amortized cost. At June 30, 1985, the market value of these investments approximated $3,537,113,000.

G. Receivables - Receivables in the Commonwealth's governmental and fiduciary funds primarily consist of federal revenues, taxes, and interest on investments. Some governmental fund revenues are not susceptible to accrual prior to receipt, including licenses, fees, permits, and similar revenues which are recognized on the cash basis. Receivables in all other funds have arisen in the ordinary course of business. Receivables of $1,599,061,000 are reported net of allowances for uncollectibles, where applicable, amounting to $534,215,586.

H. Interfund Transactions - The Commonwealth has the following types of interfund transactions:

1. Quasi-external transactions - Charges for services rendered by one fund to another that are treated as revenues of the recipient fund and expenditures or expenses of the disbursing fund;

2. Reimbursements - Reimbursement of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund;

3. Residual Equity Transfers - Nonroutine or nonrecurring transfers between funds are reported as additions to or deductions from the fund equity balance; and

4. Operating Transfers - Legally authorized transfers other than residual equity transfers are reported as operating transfers in the financial statements.

The composition of the interfund receivables and payables at June 30, 1985, is presented in Note 5.

I. Inventories - Inventories in the Governmental Funds and similar Trust Funds consist of expendable supplies held for consumption, the costs of which are recorded as an expenditure at the time of purchase. Reserves of fund balance have been established for the inventory balances for Governmental Funds. Inventories in the Proprietary Funds and similar Trust Funds consist of both expendable supplies held for consumption and the cost of goods held for resale, the costs of which are recorded as an expense as they are used. Inventories are valued at cost (first-in, first-out, or average cost).

J. Fixed Assets and Depreciation

1. General Fixed Assets - All fixed assets acquired or constructed for general governmental purposes are reported as expenditures in the fund that finances the asset acquisition. Equipment is valued in the General Fixed Assets Account Group at historical cost or estimated historical cost if historical cost is not available. Donated equipment is reported at estimated fair market value at the time received. Historical cost records for land and buildings are incomplete or not available. Accordingly, land and buildings are not included in the General Fixed Assets Account Group. Also certain public domain (infrastructure) general fixed assets such as highways, curbs, bridges, and right-of-ways are not capitalized. No depreciation is provided on general fixed assets.

The Commonwealth is in the process of establishing appropriate accounting records for all general fixed assets.

2. Proprietary and Similar Fiduciary Fund Types - Fund fixed assets acquired or constructed are stated at cost or fair market value. They are being depreciated principally on a straight-line basis over estimated useful lives ranging from 20 to 50 years for Structures and Improvements and 3 to 10 years for Machinery and Equipment. It is the Commonwealth's policy not to capitalize interest expense incurred on significant assets during their construction.

	Years
Buildings and improvements	20 to 50
Machinery and equipment	3 to 10

3. University and College Fund Type - Fixed assets in the University and College Fund Type are stated at cost or fair market value. Depreciation is not recognized on university fixed assets.

K. Fund Balance Reserves and Designations - The Commonwealth's fund balance reserves represent those portions of fund balance 1) not appropriable for expenditure, or 2) legally segregated for a specific future use. Designated portions of fund balance represent tentative managerial plans for financial resource utilization in a future period.

L. Long-Term Obligations - Long-term liabilities that will be financed from Governmental Funds and Expendable Trust Funds are accounted for in the General Long-Term Obligations Account Group. These long-term liabilities include the following:

1. Payments of principal and interest for general obligation debt and revenue bonds which are recorded as expenditures in the Debt Service Fund.

2. Compensated absences reported in the General Long-Term Obligations Account Group include all accumulated unpaid vacation and compensatory time accruals, except for the Pension Trust Funds. The amount accruing to Proprietary Funds, as it is an immaterial amount, has been included in the account group.

The policy of the Commonwealth is to record the cost of annual, sick, and compensatory leave. Annual leave is accumulated at amounts ranging from 7.5 to 13.13 hours per month, determined by length of service, with maximum accumulations ranging from 30 to 60 days. At June 30, 1985, the estimated liability for accrued annual leave was $62,329,613. Generally, since sick leave, earned one day per month with unlimited accumulation, is paid only when employee is absent due to illness, injury, or related family death, there was no liability for sick leave at June 30, 1985. The estimated accumulated amount of unused sick leave at that date was $111,724,796. A maximum of six (6) months of a qualifying retiring state employee's sick leave balance, expressed in months, shall be added to his service credit for the purpose of determining his annual retirement allowance. Compensatory leave is granted to authorized employees on an hour-for-hour basis. At June 30, 1985, the estimated liability for compensatory leave was $12,875,483.

3. Outstanding capital lease obligations for Governmental Funds and Expendable Trust Funds are reported in the General Long-Term Obligations Account Group.

   Long-term liabilities of all Proprietary, Nonexpendable Trust and Pension Trust Funds are accounted for in the respective funds.

4. Workers compensation claims, which have been awarded and will be paid from the Expendable Trust Fund, are $562,484,659. Approximately $55,000,000 of this amount will be paid during the 1985-86 fiscal year, and the remainder will be paid in future periods.

5. Unemployment insurance claims as of June 30, 1985, to be paid in the 1985-86 fiscal year, are estimated at $43,486,000. This estimate is based on the number of beneficiaries, the average weekly payment, and the average duration of payments (in weeks).

Note 2 - Changes in Accounting Principles, Reporting Practices, and Prior Period Adjustments - The fund balances as previously reported have been restated:

1) To comply with Generally Accepted Accounting Principles (GAAP), all Proprietary Fund fixed assets are now reflected in the appropriate fund. Previously, Proprietary Fund fixed assets, which had been financed with revenue bonds, were reported in the General Fixed Asset Account Group.

2) To correct errors noted after the publication of the Commonwealth's 1984 Annual Financial Report.

The following table summarizes the restatement of fund equities as of June 30, 1984, to give effect to these changes (amounts expressed in thousands):

Financial Statement Fund Types	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Available balance fund equities at July 1, 1984, as previously reported	$135,499	$845,271	$143,564	$ 81,210	$ 136,894	$ 28,180
Prior Period Adjustments:						
Changes in Accounting Principles and Reporting Practices		(1,000)	(18,019)		35,312	(171)
Other	(5,743)	44,785	(58)	(9,252)	8,561	1,504
Fund equities at July 1, 1984, as restated	$129,756	$889,056	$125,487	$ 71,958	$ 180,767	$ 29,513

Expendable Trust	Nonexpendable Trust	Pension Trust	General Long-Term Obligation Account	General Fixed Assets	Debt Issuing Authorities	University and College Funds	Total
$ 35,141	$ 63,454	$2,925,609	$2,137,202	$ 323,949	$ 154,429	$1,303,217	$8,313,619
			(11,868)	(51,711)			(47,457)
95		(1)	54,990	(49,257)	2,559	(8,880)	39,303
$ 35,236	$ 63,454	$2,925,608	$2,180,324	$ 222,981	$ 156,988	$1,294,337	$8,305,465

Note 3 - Budgetary Basis vs. GAAP - The accompanying Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - All Budgeted Fund Groups, presents comparisons of the legally adopted budget (see Note 1D) with actual data on a budgetary basis. As of July 1, 1984, certain accounts were moved between the Agency Revenue Fund and the Other Special Revenue Fund, which are both reported as part of the Special Revenue Fund. These moves were made to reflect budgeted accounts in the Agency Revenue Fund and nonbudgeted accounts in the Other Special Revenue Fund. Due to this change the accounts, which are now recorded in the Other Special Revenue Fund, are not included in the Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - Budgetary Trust and Agency Fund as previously reported. This change makes this a true budgetary statement reflecting only budgetary accounts.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant differences in excess of revenues over (under) expenditures and other sources (uses) of financial resources for the year ended June 30, 1985, is presented in the following table (amounts expressed in thousands):

Budgetary Funds	General	Transportation	Federal	Trust and Agency
Financial Statements Funds	General	Special Revenue		
Excess of revenues over (under) expenditures (budgetary basis)	$ 70,958	$ 16,564	$ 4,802	$ 24,933
Nonbudgeted financing sources (uses)	(594)		(14)	(5)
Excess of revenues and nonbudgeted financing sources over (under) expenditures and nonbudgeted financing uses (budgetary basis).	70,364	16,564	4,788	24,928
Adjustments:				
To adjust revenues for accruals	(17,623)	(66,375)	(17,093)	(403,972)
To adjust expenditures for accruals	(28,828)	87,074	14,818	324,178
Excess of revenues and other sources of financial resources over expenditures and other uses of financial resources (GAAP basis) - budgetary classifications	23,913	37,263	2,513	(54,866)
Reclassifications and other adjustments:				
To reclassify excess of revenues and other sources of financial resources over (under) expenditures and other uses of financial resources into financial statement fund types	(1,725)	(27,345)	(1,772)	53,272
Excess (deficiency) of revenues and other sources of financial resources (GAAP basis)	$ 22,188	$ 9,918	$ 741	$ (1,594)

Note 4 - General Fixed Assets - A statement of changes in general fixed assets for the year ended June 30, 1985, is presented below (amounts expressed in thousands):

	Revised Balance July 1, 1984	Deletions ($300-$499)	Additions	Deletions	Balance June 30, 1985
Machinery and equipment	$ 222,981	$ 12,888	$ 39,686	$ 10,162	$ 239,617

Other Special Revenue	Capital Construction Capital Projects	Enterprise	Internal Service	Expendable Trust
$	$ 9,178	$ (800)	$ 800	$ 68,133
534		1,676	(1,299)	
534	9,178	876	(499)	68,133
12,733	(87,584)	(184)	527	(139,179)
105,470	32,106	(19,369)	(8,355)	80,108
118,737	(46,300)	(18,977)	(8,327)	9,062
(127,527)	62,160	22,482	4,054	(2,439)
$ (8,790)	$ 15,860	$ 3,505	$ (4,273)	$ 6,623

Note 5 - Interfund Receivables and Payables - A summary of interfund receivables and payables at June 30, 1985, is shown in the table below (amounts expressed in thousands):

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	University and College	Total
Interfund Receivables	$ 4,239	$ 66,884	$31,784	$	$ 204	$ 333	$	$ 47,636	$ 151,080
Interfund Payables	3,690	97,888	1,070	453	224	49	70	47,636	151,080

Note 6 - Pension Plans - The Commonwealth sponsors the following defined public employment retirement systems (PERS):

Kentucky Employes Retirement System - covers substantially all regular full-time employees of any state department, board, or agency directed by Executive Order to participate in the System.

State Police Retirement System - covers substantially all regular full-time officers of the Kentucky State Police.

Teachers' Retirement System - covers substantially all persons occupying positions in the public elementary or secondary schools for which a certificate is required, faculty members of five regional universities, the Superintendent of Public Instruction and her professional staff, the faculty members of the School for the Deaf, School for the Blind, and the state and area vocational schools.

Judicial Form Retirement System covers two plans:

Judical Retirement Plan - covers all District Judges, Circuit Judges, Judges of the Court of Appeals, and Judges of the Supreme Court.

Legislators Retirement Plan - covers all members of the General Assembly.

County Employes Retirement System - covers substantially all regular full-time employees of each county and school board electing to participate in the System, and any additional local agencies electing to participate.

Kentucky Retirement Systems Insurance - accounts for the accident and health insurance for members receiving benefits from the Kentucky Employes Retirement System, County Employes Retirement System, and State Police Retirement System.

These systems provide for employee contributions, based on fixed percentages ranging from 3.0% to 9.6%, applied to an employee's annual compensation, to supplement contributions provided by the Commonwealth. Funding by the Commonwealth is determined by the General Assembly and is based, in part, on actuarial consultations, generally without regard to pension expense calculated in accordance with the provisions of APB Opinion No. 8.

The following summarizes the actual present value of accumulated PERS plan benefits as of June 30, 1985 (amounts expressed in thousands):

Vested benefits:	
Pensioners and beneficiaries	$ 1,602,992
Members	2,356,233
Nonvested benefits	123,748
Total	$ 4,082,973

Present value of accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the plans' provisions to the services employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. The accumulated plan benefits for active employees are based on their average compensation during the years ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided under annuity contracts are excluded from accumulated plan benefits.

The actuarial present value of accumulated plan benefits for each plan has been determined by consulting actuaries. This amount results from applying actuarial assumptions to adjust the total accumulated plan benefits to reflect the time value of money (through discounts for interest at the rates shown below) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The most recent valuation date for all plans was June 30, 1985, except for the Teachers' Retirement System (TRS) for which the date was June 30, 1984. All plans use the Entry Age Normal Actuarial Cost Method except for TRS which uses the Unit Credit Actuarial Cost Method. Assumed rates of return on investments ranged from 7.00% to 7.50%, and assumed salary increases taken into account in determining plan obligations under actuarial cost method ranged from 5.20% to 9.30%. Various mortality tables were used, and the rate of turnover without vested benefits assumed a high scale at younger age levels, becoming progressively lower as age advances, consistent with the plans' experience. No significant amendments to the plans were made during fiscal year 1985.

Note 7- Deferred Compensation - Commonwealth employees are eligible to participate in a deferred compensation plan. All costs of administering and funding the plan are the responsibility of the plan participants. The Commonwealth makes no contributions. At June 30, 1985, contributions of $80 million have been deposited by Commonwealth employees (including accumulated interest earnings) in the Kentucky Public Employees Deferred Compensation System, and invested by the financial institution administering the plan. In accordance with Section 457 of the Internal Revenue Service Code, the assets are available to the general creditors of the Commonwealth should the need arise.

Note 8 - Lease Obligations - The Commonwealth has entered into various leases for land, buildings, and equipment. Generally leases contain termination clauses providing for cancellation after 30, 60, or 90 days written notice. In addition, certain leases contain appropriation clauses indicating that continuation of the lease is subject to funding by the General Assembly. It is expected that in the normal course of business most of these leases will be replaced by similar leases.

At June 30, 1985 capitalized leases included equipment as follows (amounts expressed in thousands):

	Proprietary Fund Types	General Fixed Assets
Equipment	$ 518	$ 5,100
Less: Accumulated amortization	$ 53	0
	$ 465	$ 5,100

Future minimum rental commitments for noncancellable leases as of June 30, 1985 were as follows (amounts expressed in thousands):

Year Ending June 30,	Capitalized Leases
1986	$ 1,068
1987	1,214
1988	561
1989	314
1990	93
Total minimum lease payments	$ 3,250

Changes in leases payable accounted for in the general long-term obligation account group for the year ended June 30, 1985, are summarized in Note 9.

Note 9 - Bonds and Notes Payable - General obligation bonds are issued through the State Property and Buildings Commission. The Kentucky Constitution requires general referendum approval of any issue of general obligation bonds. General obligation bonds pledge the full faith, credit, and taxing power of the Commonwealth and denote application of specific or general tax revenues to provide payment of principal and interest requirements on the debt. No new bonds of this type have been issued since 1965, and there are no general obligation bonds authorized but unissued at June 30, 1985.

General obligation bonds outstanding of June 30, 1985, are as follows (amounts expressed in thousands):

	Outstanding	
Purpose	Interest Rate	Amount
Various Purpose	3.25% to 4.75%	$ 17,060
Parks	1.00% to 5.75%	2,560
Veterans Bonus	0.10% to 6.00%	35,710
Highway	1.25% to 6.75%	130,680

Future general obligation debt service requirements at June 30, 1985, are as follows (amounts expressed in thousands):

Year Ending June 30,	Principal	Interest	Total
1986	$ 18,360	$ 7,335	$ 25,695
1987	25,170	6,630	31,800
1988	23,020	5,744	28,764
1989	23,925	4,867	28,792
1990	24,875	3,951	28,826
Thereafter	70,660	9,644	80,304
	$ 186,010	$ 38,171	$ 224,181

Revenue Bonds:
General authorization for the use of project revenue debt is contained in Chapter 58 of the Kentucky Revised Statutes. The authority for each debt entity to issue project revenue debt is contained in the legislation creating each entity. Reference to this legislation is made in the following descriptions of the debt entities. Effective July 15, 1980, KRS 56.870 requires prior approval of debt financing projects by the Kentucky General Assembly sitting in regular or special session. Succeeding statutes establish the methods of this approval and the exemptions of it. The majority of new debt issues are approved through the appropriation act. Per KRS 56.873 effective July 15, 1980, revenue bonds having passed the above mechanisms, and not requiring state appropriations, must receive an "A" rating by Moody's Investors Service or the equivalent rating by another qualified rating agency prior to their sale.

Project revenue debt pledges only the revenues produced by the project so funded as security for repayment, and does not directly obligate the Commonwealth. Kentucky's project revenue debt may be further classified by the purpose of the debt. Revenue debt issued by five state debt issuing entities (Kentucky Housing Corporation, Kentucky Pollution Abatement Authority, Kentucky Higher Education Student Loan Corporation, Kentucky Correctional Facilities Construction Authority, and Kentucky School Building Authority) is used as a financing mechanism for activities and facilities not used directly for state purposes. The tax-exempt status of such "municipal debt," whether issued by either state or local governments, is used to provide financing for entities unable to bear the costs of private financing, when the Legislature deems such entitites worthy of public assistance. The other category of revenue debt finances facilities used directly by state government in daily activities; for example, roads, parks, office buildings, and educational facilities. The primary distinction between these categories is that the first type, with the exception of the Kentucky School Building Authority, requires no state funds of any type to provide "debt service," principal and interest payments, on the debt. The School Building Authority supplements funds provided by local school boards in varying percentages for debt service. This distinction is important in analyzing the true level of "state" debt and the "burden" of that debt on state resources.

Agencies and authorities issuing debt which represents a direct obligation of the state and related amounts outstanding, net of discounts and defeased bonds, at June 30, 1985, are as follows (amounts expressed in thousands):

Agency		Amount Outstanding	Interest Rates	Annual Maturity To
State Supported:				
State Property and Buildings Commission	$ 440,995			
Less: Projects 10,14,16,18	17,420	$ 423,575	2.5% to 12.0%	2009
Turnpike Authority of Kentucky		973,514	3.8% to 13.125%	2010
Kentucky School Building Authority	95,701			
Less: local school district participation	39,735	55,966	5.24% to 14.2%	2008
Total state supported		1,453,055		
Self-supported:				
Enterprise:				
Parks Projects 10,14,16		10,585	3.0% to 4.875%	1997
Kentucky Housing Corporation		743,215	4.3% to 13.0%	2019
Kentucky Pollution Abatement Authority		68,610	5.0% to 11.375%	2010
Kentucky Higher Education Student Loan Corporation		280,655	6.1% to 9.75%	1995
Local Correctional Facility Construction Authority		32,310	6.75% to 10.20%	2014
University and College:				
University of Kentucky	132,918			
Plus: Project 18	6,835	139,753	2.75% to 10.2%	2018
University of Louisvillle		112,553	3.0% to 11.0%	2016
Eastern Kentucky University		53,605	2.9% to 6.4%	2008
Western Kentucky University		39,089	2.75% to 7.25%	2010
Murray State University		27,568	2.125% to 7.25%	2008
Morehead State University		25,770	2.875% to 6.4%	2005
Kentucky State University		18,794	2.375% to 9.0%	2006
Northern Kentucky University		32,105	4.0% to 9.8%	2013
Total self-supported		1,584,612		
Total		$3,037,667		

Debt service requirements, principal and interest relating to revenue bonds are shown in the Table titled Revenue Bonds Debt Service Requirements (amounts expressed in thousands).

Kentucky State Property and Buildings Commissions

The State Property and Buildings Commission is composed of the Governor, Lieutenant Governor, the Attorney General, the Secretary of the Finance and Administration Cabinet, the Secretary of the Revenue Cabinet, and the Secretary of the Commerce Cabinet. The Commission is an independent agency of the Commonwealth created by Section 56.450 of the Kentucky Revised Statutes and is empowered upon application of any state agency to issue bonds in its own name to pay the costs of acquiring land and the construction and equipping of buildings for the use and occupancy of said agencies.

During the fiscal year ended June 30, 1985, the Kentucky State Property and Buildings Commission issued $32,640,000 of Mental Health Hospital Revenue Bonds (Project 31, Series 2), maturing to 2004 at interest rates ranging from 9.00% to 10.00%, and Information Systems Revenue Bonds (Project 35, Series A) in the amount of $35,875,000, maturing to 1990 at interest rates ranging from 7.40% to 8.25%.

Turnpike Authority of Kentucky

The Turnpike Authority of Kentucky was created in the 1960 Regular Session of the General Assembly of Kentucky under present KRS Sections 175.410 to 175.990 as a body corporate and politic constituting a municipal corporation, political subdivision, and the governmental agency and instrumentality of the Commonwealth. The Authority members consist of the Governor, the Lieutenant Governor, the Attorney General, the Commissioner of Highways, the State Highway Engineer, and the Secretary of the Commerce Cabinet. The Authority under the above mentioned acts is empowered to acquire, construct, finance, maintain, repair, and operate turnpike projects and resource recovery road projects pursuant to written agreements with the Transportation Cabinet. Such roads are leased to the Transportation Cabinet, with rental payments providing debt service on debt issued for such purposes.

During the fiscal year ended June 30, 1985, the Turnpike Authority of Kentucky issued $218,705,000 of Toll Road Refunding Bonds (Series C), maturing to 2010 at interest rates ranging from 7.00% to 10.75%.

State Universities

The Board of Trustees of the University of Kentucky and the Board of Regents of all other state universities, including the University of Louisville, Eastern Kentucky University, Western Kentucky University, Murray State University, Morehead State University, Kentucky State University, and Northern Kentucky University, are authorized under KRS 56.495 to issue debt for the purpose of constructing educational buildings and housing and dining facilities. In addition, the University of Louisville is specifically authorized to issue debt for education buildings under KRS 64.860 but is limited to $16 million of refunding debt.

During the fiscal year ended June 30, 1985, Kentucky State University issued $8,925,000 of Consolidated Educational Building Bonds (Series F) and $3,910,000 of Housing and Dining System Revenue Bonds (Series E), both maturing to 2005 at interest rates ranging from 5.75% to 9.00%.

Kentucky Housing Corporation

The Housing Corporation was established by a 1972 Act, now KRS 198A. The Corporation is a municipal corporation and political subdivision of the Commonwealth governed by a board of directors consisting of the Secretary of the Finance and Administration Cabinet, the Commissioner of the Department of Local Government, the Secretary of the Revenue Cabinet, the Attorney General, the Secretary of the Commerce Cabinet, the Lieutenant Governor, and eight additional members appointed by the Governor. The Corporation is authorized to increase the supply of housing for persons of lower income by making or participating in insured construction loans, and making or participating in insured mortgage loans when financing is not available from private lenders under reasonably equivalent terms and conditions. The Housing Corporation is limited to a total principal value of debt outstanding of $1.125 billion.

During the fiscal year ended June 30, 1985, the Kentucky Housing Corporation issued $100,000,000 of Home Ownership Revenue Bonds, maturing to 2014 at interest rates ranging 6.75% to 11.40%.

Kentucky Pollution Abatement Authority

The Authority is a corporate body and a political subdivision of the Commonwealth. Its purpose, as established by the Kentucky Legislature in 1972 under KRS Chapter 224A, is to issue debt and make repayable grants to local government units for the assistance in construction of wastewater treatment facilities for the abatement of water pollution in the Commonwealth. Also, by a 1978 amendment to KRS Chapter 224A and pursuant to KRS 103.200 through KRS 103.286, the Authority may loan the proceeds of its debt issued to industrial concerns to enable them to construct new pollution control facilities. The Board of the Authority consists of seven members appointed by the Governor of the Commonwealth. The Authority is presently chaired by the Secretary of the Commerce Cabinet.

Kentucky Higher Education Student Loan Corporation

The Corporation's powers, as outlined under KRS Chapter 164A, include the authority to make and to guarantee student loans and to reinsure such student loans with the United States of America, pursuant to the Federal Higher Education Act of 1965. The Corporation is created as a body corporate and politic to act as a financing authority and assure a secondary market for insured student loans. The Corporation is governed by a board of directors consisting of five members, two of whom are chosen from the general public and the other three being the Chairman of the Council on Higher Education, the Secretary of the Finance and Administration Cabinet, and the Chairman of the Kentucky Higher Education Assistance Authority. The Corporation is limited to a maximum principal debt outstanding of $400 million to finance student loans and loan guarantees.

During the fiscal year ended June 30, 1985, the Kentucky Higher Education Student Loan Corporation issued Insured Student Loan Revenue Bonds in the amount of $41,000,000, maturing to 1995 at interest rates ranging from 6.50% to 9.75%.

Kentucky School Building Authority

The Authority is an agency and instrumentality of the Commonwealth of Kentucky, established as a public corporation, as described under KRS Chapter 273. The Authority and its powers are described under KRS 157.800 through KRS 157.895 resulting from legislation in the 1978 Regular Session. The Authority was directed to reduce the backlog of schoolhouse construction by:

(a) making direct cash grants to local school districts for construction, reconstruction, or emergency maintenance of school facilities, when the district is without sufficient funds;

(b) acting on behalf of school districts to issue bonds in the name of the Authority and enter into lease agreements with local Boards of Education to finance construction or reconstruction of school facilities;

(c) enter into agreements with local Boards of Education which provide for a percentage discount of up to 90% of annual lease payments due the Authority for those districts which qualify under regulations of the Authority provided for in Section 5 of KRS 157.820; and

(d) entering into lease agreements with the Department of Education to build state-owned, department operated facilities.

During the fiscal year ended June 30, 1985, the Kentucky School Building Authority issued $8,400,000 of Revenue Bonds for the Graves County School District, maturing to 2005 at interest rates ranging from 8.15% to 9.50%. State participation on this is limited to $3,311,200 of the amount issued and interest thereon. The balance of the principal and interest is the financial responsibility of the local school district.

Kentucky Local Correctional Facilities Construction Authority

The authority is a body corporate and politic and an agency and instrumentality of the Commonwealth of Kentucky created in 1982 pursuant to Sections 441.605 through 441.695 of the Kentucky Revised Statutes, as amended, to provide an additional and alternative method of constructing, improving, or repairing and financing jails. The projects funded by KLCFCA revenue bonds will consist of the acquisition, construction, repair or improvement of both regional and local jail facilities.

During the fiscal year ended June 30, 1985, the Kentucky Local Correctional Facilities Construction Authority issued $32,310,000 of County Jail Construction Bonds, maturing to 2014 at interest rates ranging from 6.75% to 10.20%.

Kentucky Development Finance Authority

The Kentucky Development Finance Authority (KDFA), established in 1958 (KRS 154), is an independent agency of state government which operates in close cooperation with the Secretary of the Commerce Cabinet to promote the industrial development of Kentucky. KDFA is the only agency at the state level with the authority to issue industrial revenue bonds. This debt does not constitute a legal or moral obligation of the Commonwealth of Kentucky, and is not included in these statements.

During the fiscal year ended June 30, 1985, the Kentucky Development Finance Authority issued $35,920,000 of Hospital Revenue Bonds, maturing to 2009 at interest rates ranging from 8.625% to 9.75%, and $167,700,000 of Various Purpose Industrial Revenue Bonds, maturing to 2014 at interest rates ranging from 5.20% to 8.00%.

Notes Payable:
Kentucky State Property and Buildings Commission

In addition to general obligation and revenue bonds, the State Property and Buildings Commission issues bond anticipation notes. There were no bond anticipation notes issued or outstanding at June 30, 1985.

Kentucky Pollution Abatement Authority

During the fiscal year ended June 30, 1985, the Kentucky Pollution Abatement Authority issued $20,000,000 of FMHA Construction Loan Notes maturing in 1987 at 7.00% interest.

Changes in General Long-Term Obligations - Changes in general long-term obligations for the year ended June 30, 1985, are summarized as follows (amounts expressed in thousands):

	Compensated Absences	Capital Leases	General Obligation Bonds	State Supported Revenue Bond	Other Long-term Obligations	Total
Balance at July 1, 1984	$ 72,756	$ 3,290	$ 206,600	$ 1,436,066	418,490	$2,137,202
Obligations incurred				290,531	187,481	478,012
Obligations retired		(332)	(20,590)	(261,674)		(282,596)
Other changes	2,449			(11,878)(1)		(9,429)
Balance at June 30, 1985	$ 75,205	$ 2,958	$ 186,010	$ 1,453,045	$ 605,971	$2,323,189

(1) Parks Revenue Bond Projects 10,14,16, are accounted for in State Parks Fund and excluded from General Long-Term Obligations.

Table - Revenue Bonds Debt Service Requirements

Year Ending June 30,	State Property Buildings Commission	Department of Parks	Kentucky Housing Corporation	Pollution Abatement Authority	Kentucky Higher Education Student Loan Corporation
1986	$ 54,386	$ 1,447	$ 74,272	$ 6,060	$ 117,942
1987	54,504	1,438	73,250	6,079	73,609
1988	53,726	1,441	73,272	33,620	28,728
1989	50,237	1,446	73,253	4,046	25,998
1990	50,986	1,347	73,132	4,047	23,137
Thereafter	658,267	6,222	1,319,360	49,050	88,212
Totals	$ 922,106	$ 13,341	$ 1,686,539	$ 102,902	$ 357,626

Year Ending June 30,	Kentucky School Building Authority	Kentucky Turnpike Authority	Kentucky Development Finance Authority	Local Correctional Facility Construction Authority	University of Kentucky
1986	$ 6,308	$ 124,271	$ 57,587	$ 3,332	$ 20,282
1987	6,309	121,549	43,935	3,470	12,135
1988	6,324	121,185	44,167	3,472	12,148
1989	6,336	121,337	48,851	3,471	12,149
1990	6,337	121,268	37,205	3,468	12,168
Thereafter	90,467	1,920,356	874,881	86,263	164,726
Totals	$ 122,081	$ 2,529,966	$ 1,106,626	$ 103,476	$ 233,608

Year Ending June 30,	University of Louisville	Eastern Kentucky University	Western Kentucky University	Murray State University	Morehead State University
1986	$ 10,248	$ 4,455	$ 3,027	$ 2,439	$ 2,496
1987	10,304	4,453	3,028	2,443	2,447
1988	10,307	4,411	3,029	2,439	2,476
1989	10,315	4,408	3,028	2,443	2,482
1990	10,311	4,401	3,028	2,444	2,469
Thereafter	228,010	59,881	48,962	26,921	23,760
Totals	$ 279,495	$ 82,009	$ 64,102	$ 39,129	$ 36,130

Year Ending June 30,	Kentucky State University	Northern Kentucky University	Total
1986	$ 1,613	$ 2,869	$ 493,034
1987	2,036	2,864	423,853
1988	2,028	2,868	405,641
1989	2,025	2,869	374,694
1990	2,027	2,866	360,641
Thereafter	25,923	57,301	5,728,562
Totals	$ 35,652	$ 71,637	$ 7,786,425

Note 10 - Segment Information - Segment financial information for the Commonwealth's Enterprise Funds for the year ended June 30, 1985, is presented below (amounts expressed in thousands):

	State Parks	State Fair Board	Industries for the Blind	Horse Park	Center for the Arts	Total
Operating Revenues	$ 28,918	$ 12,120	$ 1,233	$ 2,886	$ 1,646	$ 46,803
Depreciation and Amortization Expense	3,544	2,138	29	755	56	6,522
Operating Income (Loss)	(15,151)	(2,851)	(468)	(854)	(1,330)	(20,654)
Operating Grants, Entitlements, and Shared Revenues					403	403
Operating Transfers:						
In	14,674	622	396	581		16,273
Out		(1,453)				(1,453)
Tax Revenues					607	607
Net Income (Loss)	(560)	4,063	(72)	(273)	347	3,505
Current Capital:						
Transfers		2				2
Fixed Assets:						
Additions	4,461	8,090	1	328	260	13,140
Deletions	438			23		461
Net Working Capital	16,872	227	315	1,373	66	18,853
Bonds and Other Long-Term Liabilities:						
Payable from Operating Revenue	9,409	40	2	2	355	9,808
Total Equity	78,842	77,468	1,001	26,454	509	184,274

Note 11 - Contingencies -

Litigation - The Commonwealth, its units and employees are parties to numerous legal proceedings many of which normally occur in governmental operations. The legal proceedings are not, in the opinion of the Attorney General, likely to have a material adverse impact on the Commonwealth's financial position.

In addition, the Commonwealth and its units are involved in certain other legal proceedings which, if decided adversely to the Commonwealth, may require the Commonwealth to make material future expenditures for expanded services or capital facilities or may impair future revenue sources. It is neither possible to determine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on the future expenditures or revenue sources of the Commonwealth.

Federal Grants - The Commonwealth receives significant financial assistance from the U. S. Government in the form of grants and Federal revenue sharing entitlements. Entitlement to these resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the Commonwealth. As of June 30, 1985, the Commonwealth estimates that no material liabilities will result from such audits.

Note 12 - Subsequent Events -

The State Property and Buildings Commission issued $65,090,000 of revenue bonds, dated October 1, 1985, with interest rates ranging from 8.50% to 9.40% due 1986-2007. The proceeds are to be used to:

(a) fund various Commerce Cabinet economic development projects; and

(b) advance refunding of the principal, premium and interest on the Commission's Economic Development Revenue Bonds, Project No. 30 (second series).

The Turnpike Authority of Kentucky issued $309,961,261 of revenue bonds, dated July 1, 1985, with stated interest rates from 5.75% to 9.70% due 1987-2009. The proceeds are to be used to refund a portion of principal and interest on the Authority's Resource Recovery Road Revenue Refunding Bonds, 1981 Series A.

The University of Kentucky issued $16,100,000 of revenue bonds dated, October 1, 1985, with stated interest rates from 7.25% to 9.25% due 1987-2006. The proceeds are to be used to:

(a) construct a Mining and Minerals Resource Building; and

(b) construct an additional three levels of parking for the Medical Plaza parking structure.

The Kentucky Higher Education Student Loan Corporation issued $190,700,000 of revenue bonds, dated October 15, 1985, with stated interest rates of 5.25% to 8.50% due 1986-2001. The proceeds of the issue are to be used to:

(a) provide a portion of the funds required to pay and discharge the $89,155,000 principal amount of its outstanding issue of 1983 Series A Insured Student Loan Revenue Bonds due December 1, 1985; and

(b) finance the purchase of additional Insured Student Loans pursuant to an approval granted by the United States Department of Education.

The Kentucky School Building Authority issued $1,670,000 of revenue bonds, dated September 1, 1985, with interest rates ranging from 5.25% to 9.20% due 1986-2004. The proceeds of the issue will be used to refund $1,370,000 of the bonds issued June 1, 1982, for the Central City Independent School District.

The Kentucky Development Finance Authority issued $2,500,000 of Industrial Development revenue bonds, dated August 28, 1985, with a variable interest rate of 75% of the prime rate, due 1985-1994. The proceeds of this issue are to be used for acquisition and construction of industrial property for the Linear Films, Inc. project.

The State Property and Buildings Commission issued $44,810,000 of revenue bonds, dated November 1, 1985, with interest rates ranging from 6.90% to 9.00%. The proceeds are to be used to:

(a) advance refund the State Property and Buildings Commission Project Number 32 - First Series Revenue Bonds dated December 1, 1982; and

(b) fund new construction projects for the Corrections Cabinet.

The Kentucky School Building Authority issued $18,465,000 of revenue bonds, dated November 1, 1985, with interest rates ranging from 7.00% to 8.25%. The proceeds are to be used to advance refund its State Vocational Revenue Bonds dated November 1, 1982.

The Kentucky Housing Corporation issued $100,000,000 of revenue bonds, dated November 1, 1985, with interest rates ranging from 6.20% to 10.00%. The proceeds are to be used to purchase single family mortgages from eligible lenders.

The Kentucky Housing Corporation issued $40,002,544.91 of revenue bonds, dated December 1, 1985, with interest rates ranging from 6.00% to 9.875% for the purpose of making both construction and permanent loans for multifamily housing facilities.

The Kentucky Development Finance Authority issued $92,500,000 of revenue bonds, dated December 30, 1985, with an initial interest rate of 8.50% to be used to make loans to private non-profit hospitals and health care institutions and non-profit educational institutions in Kentucky.

The Kentucky Development Finance Authority issued $26,750,000 of revenue bonds, dated December 1, 1985, with stated interest rates of 7.00% to 9.25%, due 1989-2015. The proceeds are to be used to fund new hospital facilities for Baptist Hospital, Inc.

The Kentucky Development Finance Authority issued $32,115,000 of revenue bonds, dated December 1, 1985, with stated interest rates of 7.50% to 10.25%, due 1985-2011. The proceeds are to be used to refund Good Samaritan Hospital Revenue Bonds.

The Kentucky Development Finance Authority issued $59,685,000 of revenue bonds, dated November 1, 1985, with stated interest rates of 5.75% to 9.50%, due 1986-2013. The proceeds are to be used to refund the Kentucky Development Finance Authority St. Joseph Hospital Bonds dated May 1, 1981, of $23,600,000, $28,570,000 of City of Louisville Revenue Bonds of 1983, and $500,000.00 City of Bardstown Revenue Bonds of 1983 for the Sisters of Charity Hospitals, Inc.

The State Property and Buildings Commission issued $30,825,000 of revenue bonds, dated February 1, 1986, with stated interest rates ranging from 5.25% to 7.87% due 1986-2007. The proceeds are to be used to (i) advance refund and defease the Commission's Revenue Bonds, Project Numbers 28 and 29, dated December 1, 1982, (ii) fund the Debt Service Reserve Accounts; and (iii) pay for the cost of issuance in connection with respect to the bonds.

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COMBINING AND INDIVIDUAL FUND STATEMENTS

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COMMONWEALTH OF KENTUCKY
BALANCE SHEET
GENERAL FUND
JUNE 30, 1985
(Expressed in Thousands)

Assets	
Cash and cash equivalents	$ 137,957
Restricted investments	233,850
Receivables, net	229,131
Interfund receivables	4,239
Inventories	5,876
Total assets	$ 611,053
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	$ 400,248
Interfund payables	3,690
Deferred revenues	55,171
Total liabilities	459,109
Fund balance:	
Reserved for:	
Continued appropriations	2,547
Inventories	5,876
Unreserved:	
Undesignated	143,521
Total fund balance	151,944
Total liabilities and fund balance	$ 611,053

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

Revenues:	
Taxes	$2,451,213
Intergovernmental	740
Charges for services	1,358
Fines and forfeits	27,959
Interest and other investment income	29,196
Other	19,659
Total revenues	2,530,125
Expenditures:	
General government	148,972
Legislative and judicial	69,833
Commerce	18,800
Education and humanities	1,036,368
Energy	2,143
Human resources	391,675
Justice	57,956
Natural resources and environmental protection	23,919
Corrections	76,350
Public protection and regulation	25,621
Transportation	1,105
Total expenditures	1,852,742
Excess of revenues over (under) expenditures	677,383
Other financing sources (uses):	
Operating transfers in	1,016
Operating transfers out	(654,486)
Increase (decrease) in inventories	(1,725)
Total other financing sources (uses)	(655,195)
Excess of revenues and other financing sources over (under) expenditures and other uses	22,188
Fund balance at July 1, 1984, as restated	129,756
Fund balance at June 30, 1985	$ 151,944

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Taxes	$ 2,417,638	$ 2,467,696	$ 50,058
Intergovernmental	3,300	3,683	383
Charges for services	17,278	14,107	(3,171)
Fines and forfeits	25,302	25,988	686
Interest and other investment income	28,000	29,118	1,118
Other	2,920	7,156	4,236
Total revenues	2,494,438	2,547,748	53,310
Expenditures:			
General Government			
Revenue - general administration	491	430	61
Revenue - processing & enforcement	21,812	20,694	1,118
Revenue - office of PVA's	14,011	13,798	213
Revenue - processing & support	4,173	4,143	30
Commonwealth Attorneys	7,492	7,492	
County Attorneys	7,888	7,867	21
Attorney General	4,766	4,757	9
Auditor of Public Accounts	2,332	2,332	
Governor's Office	2,171	2,168	3
Lieutenant Governor's Office	460	460	
Military Affairs - DES	2,006	1,991	15
Military Affairs - general operations	4,852	4,721	131
Secretary of the Cabinet	355	313	42
Local Government - various area development district projects	3,788	3,711	77
Local Government - area development fund	2,910	2,910	
Secretary of State - restoration of land grant books	44	44	
Secretary of State - general operations	1,026	1,023	3
Department of the Treasury	1,082	1,066	16
Board of Elections	1,162	1,159	3
Personnel Board	352	310	42
Athletic Commission	65	65	
Commission on Human Rights	1,134	1,114	20
Commission on Women	170	165	5
Council on Higher Education	4,585	4,349	236
Eastern Kentucky University	34,598	34,598	
Kentucky State University	11,016	11,016	
Morehead State University	21,051	21,051	
Murray State University	26,019	26,019	
Northern Kentucky University	20,683	20,683	
University of Kentucky	177,752	177,752	
University of Louisville	95,012	94,774	238
Western Kentucky University	32,904	32,904	
Governor's Office for Program Administration	288	257	31
Department of Personnel	4,345	4,176	169
Capital Plaza Authority	2,425	2,425	
Kentucky Higher Education Assistance Authority	4,059	4,059	
Financial Disclosure Review Commission	52	50	2
Office of the Secretary - office for investment & debt mgmt	223	218	5
Office of the Secretary - finance and administration	1,501	1,349	152
Board of Claims Awards	299	299	
Judgments	100	77	23
Prior Year Claims	443	442	1
Unredeemed Checks Refunded	125	95	30
Frankfort Planning Commission	1	1	
Frankfort Cemetery	3	3	
Public Improvements	5	4	1
Police and Firemen Life Insurance	50	50	
Employees Retirement	63	15	48
Social Security	100	75	25
Money Refunded	2		2
Worker's Compensation	40	23	17
Governor's Office for Policy and Management - planning fund	26		26
Governor's Office for Policy and Management	1,327	1,103	224

	Budget	Actual	Variance favorable (unfavorable)
Department for Administration	5,190	5,183	7
Office of Historical Properties	144	142	2
Department of Facilities Management	5,909	5,873	36
Department of Information Systems	1,916	1,907	9
Local Government Economic Assistance - county coal severance	24,210	18,491	5,719
Kentucky Center for the Arts	2,900	2,030	870
Capital Construction	200	200	
General Obligation Park Bond	560	545	15
General Obligation Bond-Veterans Bonus	7,855	7,804	51
General Purpose Bonds of 1965	2,060	2,042	18
County Costs - witnesses	145	109	36
County Costs - special bailiff	20		20
County Costs - sheriffs' fees	1,300	1,258	42
County Costs - medical expenses	252	251	1
County Costs - county clerk tax bill	555	552	3
County Costs - board of assessment/appeal	25	19	6
County Costs - fugitive from justice	338	338	
County Costs - jury	3,635	3,635	
County Costs - sheriff expense allowance	432	432	
County Costs - premium on sheriffs' bonds	525	497	28
County Costs - base court revenue	5,431	5,431	
Total general government	587,241	577,239	9,902
Legislative and judicial			
General Assembly - regular sessions	3,738	3,295	443
Legislative Research Commission - administrative	9,138	8,770	368
Board of Ethics	15	6	9
Judicial Retirement	2,285	2,265	20
Court of Justice - operation and administration	51,152	51,141	11
Court of Justice - local facility support	7,736	7,733	3
Total legislative and judicial	74,064	73,210	854
Commerce			
Department of Agriculture	8,697	8,627	70
Kentucky State Fair Board	5,941	5,757	184
Breaks Interstate Park	165	165	
Office of the Secretary	11,247	7,375	3,872
Tourism - Office of the Secretary	577	554	23
Department of Economic Development	2,963	2,959	4
Travel Development	3,120	3,110	10
Arts - Governor's challenge grant	1,228	1,228	
Department of the Arts	1,659	1,659	
Kentucky Development Finance Authority	5,434	5,280	154
Kentucky Horse Park	1,992	1,851	141
Department of Parks	14,764	14,663	101
Total commerce	57,787	53,228	4,559
Education and humanities			
Commission on Deaf and Hearing Impaired	164	153	11
Kentucky Oral History Commission	85	84	1
Kentucky Heritage Council	376	375	1
Education & Humanities - Office of the Secretary	233	192	41
Department for the Blind	1,173	1,163	10
Education - local district health and life insurance	37,230	36,331	899
Education - local services	14,065	13,755	310
Education - instructional services	8,930	8,891	39
Education - vocational education	41,530	41,364	166
Education - rehabilitation services	4,165	4,164	1
Education - general administration	6,105	6,069	36
Education - exceptional children	8,811	8,583	228
Education - power equalization	39,178	39,178	
Education - minimum foundation	873,415	869,790	3,625
Education - administrative services	3,043	3,034	9
Education - career ladder	100	55	45
Kentucky Educational Television	7,765	7,640	125
Kentucky Historical Society	1,493	1,492	1
Department for Libraries and Archives	9,432	9,124	308
Teachers' Retirement System	126,068	124,691	1,377
Kentucky School Building Authority	6,638	5,942	696
Bluegrass State Skills Corporation	417	153	264
Total education and humanities	1,190,416	1,182,223	8,193

	Budget	Actual	Variance favorable (unfavorable)
Energy			
Management	915	858	57
Department of Production and Utilization	846	784	62
Department of Research and Development	6,968	6,415	553
Department of Research and Development - demonstration projects	144	123	21
Total energy	8,873	8,180	693
Human resources			
Office of Executive Policy and Support	11,163	10,916	247
Department for Mental Health & Mental Retardation Services	62,091	62,053	38
Department for Health Services	32,475	32,467	8
Commission for Handicapped Children	630	627	3
Department for Employment Services	261	184	77
Department for Social Insurance - administration	36,302	35,994	308
Department for Social Insurance - benefits	207,505	207,265	240
Department for Social Services	42,605	42,604	1
Total human resources	393,032	392,110	922
Justice			
Justice - administration	1,349	1,347	2
Department of State Police	55,907	55,855	52
Department of Training	1,948	1,895	53
Total justice	59,204	59,097	107
Natural resources and environmental protection			
Environmental Quality Commission	77	67	10
Flood Control Advisory Commission	39	34	5
Kentucky Nature Preserves Commission	166	166	
Office of the Secretary	2,619	2,583	36
Department for Environmental Protection	8,097	7,911	186
Department for Natural Resources	6,838	6,812	26
Department for Surface Mining Reclamation & Enforcement	6,213	6,211	2
Total natural resources and environmental protection	24,049	23,784	265
Corrections			
Management	7,640	7,522	118
Local Jail Allotment	13,961	13,821	140
Community Services & Facilities	10,555	10,516	39
Adult Institutions	46,925	46,902	23
Various Institutions	1,341	1,341	
Total corrections	80,422	80,102	320
Public protection and regulation			
Kentucky Quarter Horse and Appaloosa Commission	114	114	
Registry of Election Finance	271	265	6
Board of Claims and Crime Victims Compensation Board	754	708	46
Board of Tax Appeals	209	202	7
Kentucky Harness Racing Commission	480	475	5
Public Service Commission	4,352	3,534	818
Kentucky State Racing Commission	409	409	
Department of Public Advocacy	6,446	6,445	1
Office of the Secretary	317	310	7
Alcoholic Beverage Control Board	1,304	1,269	35
Department of Housing, Building and Construction	3,236	3,110	126
Department of Insurance	1,648	1,648	
Labor - Office of the Secretary	38	38	
Department of Workplace Standards	1,344	1,314	30
Department for Mines and Minerals	6,004	6,004	
Total public protection and regulation	26,926	25,845	1,081
Transportation			
General administration and support	305	256	49
Air	1,416	811	605
Rail	76	73	3
Public	554	532	22
Total transportation	2,351	1,672	679
Total expenditures	2,504,365	2,476,790	27,575
Excess of revenues over (under) expenditures	$ (9,927)	$ 70,958	$ 80,885

See accompanying notes to combined financial statements.

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COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES BY SOURCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

Revenues by Source	
Taxes:	
Sales and gross receipts	$ 939,696
Income:	
Individual	762,946
Corporation	211,189
Property	234,552
Coal severance	204,242
Licenses and privileges	24,944
Inheritance and estate	50,825
Miscellaneous	22,819
Total taxes	2,451,213
Intergovernmental	740
Charges for services	1,358
Fines and forfeits	27,959
Interest and other investment income	29,196
Other	19,659
Total revenues by source	$2,530,125

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
STATEMENT OF EXPENDITURES BY FUNCTION, CABINET, AND OBJECT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

General government:	
Cabinet for General Government	
Personal services	$ 35,383
Utilities, rentals, and other services	5,468
Commodities and supplies	2,501
Grants and subsidies	8,262
Capital Outlay	575
Other	564
Total cabinet for general government	52,753
Finance and Administration Cabinet	
Personal services	7,109
Utilities, rentals, and other services	1,892
Commodities and supplies	13,173
Grants and subsidies	20,929
Capital outlay	414
County costs	12,876
Judgements	401
Other	216
Total finance and administration cabinet	57,010
Revenue Cabinet	
Personal services	30,369
Utilities, rentals, and other services	6,985
Commodities and supplies	518
Capital outlay	546
Contingent liabilities	29
Other	762
Total revenue cabinet	39,209
Total general government	148,972
Legislative and judicial	
Personal services	51,453
Utilities, rentals, and other services	12,389
Commodities and supplies	3,787
Capital outlay	841
Other	1,363
Total legislative and judicial	69,833
Commerce	
Commerce Cabinet	
Personal services	9,931
Utilities, rentals, and other services	1,949
Commodities and supplies	901
Grants and subsidies	1,896
Capital outlay	223
Judgements	3
Other	605
Total commerce cabinet	15,508
Tourism Cabinet	
Personal services	1,773
Utilities, rentals, and other services	753
Commodities and supplies	141
Grants and subsidies	479
Capital outlay	57
Judgements	1
Other	88
Total tourism cabinet	3,292
Total commerce	18,800
Education and humanities	
Personal services	54,352
Utilities, rentals, and other services	13,659
Commodities and supplies	5,997
Grants and subsidies	958,727
Capital outlay	2,563
Contingent Liabilities	122
Other	948
Total education and humanities	1,036,368

Energy	
Personal services	1,482
Utilities, rentals, and other services	285
Commodities and supplies	79
Grants and subsidies	(16)
Capital outlay	270
Other	43
Total energy	2,143
Human Resources	
Personal services	99,563
Utilities, rentals, and other services	17,893
Commodities and supplies	2,343
Grants and subsidies	259,302
Capital outlay	578
Judgements	113
Contingencies	10,488
Other	1,395
Total human resources	391,675
Justice	
Personal services	46,721
Utilities, rentals, and other services	4,004
Commodities and supplies	5,295
Grants and subsidies	236
Capital outlay	1,239
Judgements	77
Other	384
Total justice	57,956
Natural Resources and environmental protection	
Personal services	17,751
Utilities, rentals, and other services	2,321
Commodities and supplies	1,489
Grants and subsidies	1,516
Capital outlay	318
Judgements	4
Other	520
Total natural resources and environmental protection	23,919
Corrections	
Personal services	42,029
Utilities, rentals, and other services	6,450
Commodities and supplies	1,968
Grants and subsidies	24,558
Capital outlay	157
Judgements	728
Contingencies	114
Other	346
Total corrections	76,350
Public protection and regulation	
Public Protection and Regulation Cabinet	
Personal services	18,411
Utilities, rentals, and other services	2,001
Commodities and supplies	492
Grants and subsidies	2,369
Capital outlay	262
Judgements	318
Other	422
Total public protection and regulation cabinet	24,275
Labor Cabinet	
Personal services	1,109
Utilities, rentals, and other services	123
Commodities and supplies	16
Other	98
Total labor cabinet	1,346
Total public protection and regulation	25,621
Transportation	
Personal services	624
Utilities, rentals, and other services	102
Commodities and supplies	126
Grants	218
Capital outlay	1
Other	34
Total transportation	1,105
Total expenditures	$1,852,742

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 1985
(Expressed in Thousands)

	Transportation	Federal	Agency Revenue	Other Special Revenue	Total June 30, 1985
Assets					
Cash and cash equivalents	$ 171,374	$ 69,457	$ 58,051	$ 177,747	$ 476,629
Cash with fiscal agents			1,246	20	1,266
Investments	7,023		53,014	348,258	408,295
Receivables, net	30,240	85,004	29,299	40,396	184,939
Interfund receivables	55,893	957	9,875	159	66,884
Inventories	24,652		5,221	26	29,899
Other current assets			824	13,482	14,306
Restricted assets	870				870
Total assets	$ 290,052	$ 155,418	$ 157,530	$ 580,088	$1,183,088
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 47,203	$ 69,740	$ 43,765	$ 4,441	$ 165,149
Interfund payables	68	52,068	416	45,336	97,888
Deferred revenues	8,601	87	15,991	4,588	29,267
Other liabilities			1,384	29	1,413
Total liabilities	55,872	121,895	61,556	54,394	293,717
Fund balances:					
Reserved for:					
Encumbrances	83,203				83,203
Continued appropriations	102,328				102,328
Loans			21,021	4,282	25,303
Investments			498	3,257	3,755
Inventories	24,652		5,221	26	29,899
Compensating balance with depositories	870				870
Unreserved:					
Designated				252,517	252,517
Undesignated	23,127	33,523	69,234	265,612	391,496
Total fund balances	234,180	33,523	95,974	525,694	889,371
Total liabilities and fund balances	$ 290,052	$ 155,418	$ 157,530	$ 580,088	$1,183,088

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Transportation	Federal	Agency Revenue	Other Special Revenue	Total June 30, 1985
Revenues:					
Taxes	$ 373,091	$	$ 10,592	$ 24,969	408,652
Licenses, fees, and permits	62,162		16,518	633	79,313
Intergovernmental	5,662	1,310,416	7,112	1,130	1,324,320
Charges for services	28,680	32	91,288	9,519	129,519
Fines and forfeits	226	1	2,934	472	3,633
Interest and other investment income	14,291	3	7,600	6,928	28,822
Other	1,660	7,560	6,778	102,973	118,971
Total revenues	485,772	1,318,012	142,822	146,624	2,093,230
Expenditures:					
Current:					
General government		53,612	51,351	24,616	129,579
Legislative and judicial		31	5	166	202
Commerce		2,238	12,885	49	15,172
Education and humanities		205,156	22,176	57	227,389
Energy		802	455		1,257
Human resources		771,879	71,289	2,970	846,138
Justice		2,590	8,997		11,587
Natural resources and environmental protection		16,359	5,633	29	22,021
Corrections		261	424		685
Public protection and regulation		4,340	23,464		27,804
Transportation	448,509	258,231	1,009		707,749
Total expenditures	448,509	1,315,499	197,688	27,887	1,989,583
Excess of revenues over (under) expenditures	37,263	2,513	(54,866)	118,737	103,647
Other financing sources (uses):					
Operating transfers in	1,516	13,672	56,762	22,911	94,861
Operating transfers out	(85,630)	(15,442)	(4,278)	(148,975)	(254,325)
Other financing sources (uses)	56,165			(1,296)	54,869
Increase (decrease) in inventories	604	(2)	788	(167)	1,223
Total other financing sources (uses)	(27,345)	(1,772)	53,272	(127,527)	(103,372)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	9,918	741	(1,594)	(8,790)	275
Fund balances at July 1, 1984, as restated	224,262	32,925	78,397	553,472	889,056
Equity transfer in (out)		(143)	19,171	(18,988)	40
Fund balances at June 30, 1985	$ 234,180	$ 33,523	$ 95,974	$ 525,694	$ 889,371

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

Revenues:	
Taxes	$ 373,091
Licenses, fees, and permits	62,162
Intergovernmental	5,662
Charges for services	28,680
Fines and forfeits	226
Interest and other investment income	14,291
Other	1,660
Total revenues	485,772
Expenditures:	
Transportation:	
General administration and support	35,306
Air transportation	441
Rail transportation	164
Highways	412,598
Total expenditures	448,509
Excess of revenues over (under) expenditures	37,263
Other financing sources (uses):	
Operating transfers in	1,516
Operating transfers out	(85,630)
Other financing sources (uses)	56,165
Increase (decrease) in inventories	604
Total other financing sources (uses)	(27,345)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	9,918
Fund balance at July 1, 1984, as restated	224,262
Fund balance at June 30, 1985	$ 234,180

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS)
TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Taxes	$ 333,325	$ 376,040	$ 42,715
Licenses, fees, and permits	88,299	60,296	(28,003)
Intergovernmental		5,741	5,741
Charges for services	26,921	27,935	1,014
Fines and forfeits	150	226	76
Interest and other investment income	16,300	15,966	(334)
Other	3,300	65,943	62,643
Total revenues	468,295	552,147	83,852
Expenditures:			
Transportation:			
General administration and support	34,628	34,185	443
Air	445	445	
Rail	184	184	
Public	145	130	15
Highway	501,370	500,639	731
Total expenditures	536,772	535,583	1,189
Excess of revenues over (under) expenditures	$ (68,477)	$ 16,564	$ 85,041

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS)
FEDERAL FUND
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Licenses, fees, and permits	$	$ 3	$
Intergovernmental		1,302,437	
Charges for services		29	
Other		32,636	
Total revenues		1,335,105	
Expenditures:			
General Government			
Unified Prosecutorial System	15	(3)	18
Attorney General	1,581	1,180	401
Military Affairs - DES	23,187	14,410	8,777
Military Affairs - general operations	1,663	1,223	440
Department for Local Government - various ADD projects	38,543	33,160	5,383
Commission on Human Rights	80	51	29
Kentucky Higher Education Assistance Authority	930	930	
Department of Facilities Management	2	2	
Total general government	66,001	50,953	15,048
Legislative and judicial			
Administrative Office of the Courts	39	32	7
Total legislative and judicial	39	32	7
Commerce			
Department of Agriculture	2,125	1,744	381
Department of Economic Development	77	39	38
Department of the Arts	468	449	19
Department of Fish and Wildlife Resources	3,867	817	3,050
Kentucky Horse Park	1		1
Total commerce	6,538	3,049	3,489
Education and humanities			
Kentucky Heritage Council	1,139	1,120	19
State Advisory Council for Vocational Education	122	105	17
Education & Humanities - Office of the Secretary	172	124	48
Department for the Blind	3,657	3,487	170
Education - local services	73,994	73,805	189
Education - exceptional children	22,216	20,020	2,196
Education - instructional services	66,782	65,791	991
Education - general administration	2,244	1,934	310
Education - administrative services & budget management	2,013	1,888	125
Education - vocational education	20,633	19,667	966
Education - rehabilitative services	20,966	20,665	301
Historical Society	15	12	3
Department for Libraries and Archives	2,052	1,779	273
Total education and humanities	216,005	210,397	5,608
Energy			
Department of Production and Utilization	1,826	1,164	662
Total energy	1,826	1,164	662
Human resources			
Executive Office of Support Services	11,891	11,242	649
Department for Mental Health & Mental Retardation Services	20,764	19,384	1,380
Department for Health Services	54,417	50,989	3,428
Department for Handicapped Children	30	30	
Department for Employment Services - unemployment insurance admin	18,745	13,742	5,003
Department for Employment Services	74,380	71,451	2,929
Department for Social Insurance - administration	63,157	51,907	11,250
Department for Social Insurance - benefits	506,776	502,821	3,955
Department for Social Services	73,494	67,935	5,559
Total human resources	823,654	789,501	34,153

	Budget	Actual	Variance favorable (unfavorable)
Justice			
Justice - administration	896	779	117
Department of State Police	3,285	1,907	1,378
Department of Training	11	11	
Total justice	4,192	2,697	1,495
Natural resources and environmental protection			
Environmental Quality Commission	3		3
Kentucky Nature Preserves Commission	17	4	13
Department for Environmental Protection	6,790	5,818	972
Department for Natural Resources	4,261	3,806	455
Department for Surface Mining Reclamation and Enforcement	11,595	6,934	4,661
Total natural resources and environmental protection	22,666	16,562	6,104
Corrections			
Federal & Agency Accounts	552	375	177
Total corrections	552	375	177
Public protection and regulation			
Kentucky Occupational Safety and Health Review Commission	259	246	13
Public Service Commission	220	125	95
Department for Public Advocacy	237	212	25
Department of Housing, Building, and Construction	10	6	4
Department of Workplace Standards	3,855	3,235	620
Department for Mines and Minerals	989	840	149
Total public protection and regulation	5,570	4,664	906
Transportation			
Air	19	19	
Rail	200	107	93
Public	2,454	2,209	245
Highways	266,934	248,574	18,360
Total transportation	269,507	250,909	18,598
Total expenditures	1,416,650	1,330,303	86,347
Excess of revenues over (under) expenditures	$	$ 4,802	$

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS)
BUDGETARY TRUST AND AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Taxes	$	$ 71,659	$
Licenses, fees, and permits		21,290	
Intergovernmental		9,574	
Charges for services		440,775	
Fines and forfeits		2,935	
Interest and other investment income		18,533	
Other		294,553	
Total revenues		859,319	
Expenditures:			
General government			
Revenue - processing & support	20	11	9
Revenue - PVA's	861	712	149
Revenue - property taxation - assessment & ID	250	108	142
Revenue - property taxation - motor vehicle tax system	1,000		1,000
Revenue - processing & enforcement	896	423	473
Unified Prosecutorial System	19		19
Attorney General	1,666	1,369	297
Auditor of Public Accounts	1,278	1,066	212
Governor's Office	25	25	
Military Affairs - DES	64		64
Military Affairs - general operations	621	560	61
Kentucky Retirement Systems	1,491	1,377	114
Department for Local Government - various ADD projects	1,796	597	1,199
Department of the Treasury	313	254	59
Board of Accountancy	245	218	27
Board of Auctioneers	123	122	1
Board of Barbering	106	101	5
Board of Chiropractic Examiners	42	32	10
Board of Dentistry	239	181	58
Board of Elections	94	94	
Board of Embalmers and Funeral Home Directors	108	98	10
Board of Examiners and Registration of Architects	75	51	24
Board of Examiners and Registration of Landscape Architects	15	13	2
Board of Examiners of Psychology	51	51	
Board of Social Workers	69	66	3
Board of Hairdressers and Cosmetologists	476	463	13
Board of Licensing Hearing Aid Dealers and Fitters	25	25	
Board of Licensure for Nursing Home Administrators	61	60	1
Board of Medical Licensure	579	472	107
Board of Nursing	844	741	103
Board of Ophthalmic Dispensers	12	7	5
Board of Optometric Examiners	40	34	6
Personnel Board	46	1	45
Board of Pharmacy	274	243	31
Board of Physical Therapists	64	58	6
Board of Podiatry	4	4	
Board for Proprietary Education	54	53	1
Board of Registration for Professional Engineers and Land Surveyors	285	257	28
Board of Speech Pathology and Audiology	13	12	1
Board of Veterinary Examiners	79	78	1
Real Estate Commission - education	541	462	79
Real Estate Commission - operations	513	463	50
Commission on Women	3		3
Horse Council	26	2	24
Eastern Kentucky University	43,570	31,444	12,126
Kentucky State University	9,477	9,156	321
Morehead State University	19,880	14,074	5,806
Murray State University	25,314	22,355	2,959

	Budget	Actual	Variance favorable (unfavorable)
Northern Kentucky University	16,293	14,353	1,940
University of Kentucky	234,356	176,603	57,753
University of Louisville	77,306	23,436	53,870
Western Kentucky University	28,798	26,338	2,460
Governor's Office for Policy and Management	75	32	43
Department of Personnel	7,837	6,579	1,258
Campbell County Fees	1,132	1,021	111
Daviess County Fees	1,261	1,093	168
Fayette County Fees	3,665	3,473	192
Jefferson County Fees	13,597	10,781	2,816
Kenton County Fees	2,164	1,850	314
Pike County Fees	1,665	1,233	432
Capital Plaza Authority	1,687	614	1,073
Employees Deferred Compensation System	89	63	26
Kentucky Higher Education Assistance Authority	13,802	12,759	1,043
Kentucky Reinsurance Association	77,885	77,555	330
Office of Debt & Investment Management	471	265	206
State Office for Social Security	374	351	23
Finance - Office of the Secretary	594	540	54
Department for Administration	7,676	7,207	469
Office of Governmental Services Center	893	817	76
Department of Facilities Management	28,790	21,653	7,137
Department of Information Systems	20,064	18,902	1,162
Total general government	654,121	495,511	158,610
Legislative & Judicial			
General Assembly	896		896
Legislative Research Commission	100	5	95
Court of Justice	1		1
Total legislative & judicial	997	5	992
Commerce			
Department of Agriculture	663	379	284
Tobacco Research Board	24		24
Kentucky State Fair Board	15,053	14,099	954
Department of Economic Development	451	269	182
Department of the Arts	252	225	27
Kentucky Development Finance Authority - industrial loans administration	14,791	2,829	11,962
Department of Fish and Wildlife Resources	12,994	12,125	869
Kentucky Horse Park	2,983	2,756	227
Department of Parks	31,581	29,928	1,653
Total commerce	78,792	62,610	16,182
Education and humanities			
Kentucky Oral History Commission	3	1	2
Kentucky Heritage Council	1	1	
State Advisory Council on Vocational Education	47	47	
Department for the Blind	1,649	1,485	164
Education - local services	15		15
Education - instructional services	72	59	13
Education - rehabilitation	306	246	60
Education - exceptional children	700	276	424
Education - general administration	3,238	2,420	818
Education - vocational education	19,957	16,435	3,522
Education - administrative services & budget management	255	73	182
Kentucky Educational Television	370	261	109
Kentucky Historical Society	463	223	240
Department for Libraries and Archives	676	331	345
Teachers' Retirement System	1,418	1,375	43
Kentucky School Building Authority	179		179
Total education and humanities	29,349	23,233	6,116
Energy			
Management	896	723	173
Total energy	896	723	173

	Budget	Actual	Variance favorable (unfavorable)
Human resources			
Executive Office of Support Services	6,107	5,710	397
Mental Health & Mental Retardation Services	46,634	44,580	2,054
Department for Health Services	3,878	3,527	351
Commission for Handicapped Children	150	51	99
Department for Employment Services	7,283	5,925	1,358
Department for Social Insurance - administration	122	3	119
Department for Social Insurance - benefits	3,596	3,596	
Department for Social Services	6,976	6,967	9
Total human resources	74,746	70,359	4,387
Justice			
Justice - administration	251	148	103
Department of State Police	1,151	1,128	23
Department of Training	8,978	7,879	1,099
Total justice	10,380	9,155	1,225
Natural resources and environmental protection			
Kentucky Nature Preserves Commission	221	151	70
Office of the Secretary	1,140	1,053	87
Department for Environmental Protection	1,118	901	217
Department for Natural Resources	6,711	4,746	1,965
Department for Surface Mining Reclamation and Enforcement	71	8	63
Total natural resources and environmental protection	9,261	6,859	2,402
Corrections			
Federal & Agency Accounts	7,557	6,591	966
Total corrections	7,557	6,591	966
Public protection and regulation			
Board of Claims and Crime Victims Compensation Board	337	324	13
Backside Improvement Commission	597	505	92
Kentucky Harness Racing Commission	1,484	1,135	349
Quarterhorse & Appaloosa Commission	14	14	
Public Service Commission	6	6	
Kentucky State Racing Commission	3,647	3,359	288
Department for Public Advocacy	155	148	7
Alcholic Beverage Control Board	4	3	1
Department for Financial Institutions	2,793	2,792	1
Department of Housing, Building and Construction	10,813	10,345	468
Department of Insurance	2,269	1,957	312
Department of Labor	69,633	67,526	2,107
Department for Mines and Minerals	1,779	1,641	138
Total public protection and regulation	93,531	89,755	3,776
Transportation			
Office of the Secretary - airport publications	10		10
Office of the Secretary - airport development construction	1,048	474	574
Highways - mass transportation development	243	231	12
Vehicle Regulation - motor vehicle commission	1,503	542	961
Vehicle Regulation - driver education	57	57	
Vehicle Regulation	148	148	
Total transportation	3,009	1,452	1,557
Total expenditures	962,639	766,253	196,386
Excess of revenues over (under) expenditures	$	$ 93,066	$

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
BALANCE SHEET
DEBT SERVICE FUND
JUNE 30, 1985
(Expressed in Thousands)

Assets	
Cash and cash equivalents	$ 41,733
Cash with fiscal agents	84,454
Receivables	1,313
Interfund receivables	31,784
Total assets	$ 159,284
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	$ 30,750
Interfund payables	1,070
Other current liabilities	1,501
Total liabilities	33,321
Fund Balance:	
Reserved for:	
Revenue bond retirement	120,439
Unreserved:	
Designated for debt service	5,524
Total fund balance	125,963
Total liabilities and fund balance	$ 159,284

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

Revenues:	
Interest and other investment income	$ 16,018
Total revenues	16,018
Expenditures:	
Principal retirement	52,331
Interest and fiscal charges	142,391
Total expenditures	194,722
Excess of revenues over (under) expenditures	(178,704)
Other financing sources (uses):	
Proceeds from sale of bonds	10,059
Operating transfer in	193,092
Operating transfer out	(16,403)
Other financing sources (uses)	(7,568)
Total other financing sources (uses)	179,180
Excess of revenues and other financing sources over (under) expenditures and other financing uses	476
Fund balance at July 1, 1984, as restated	125,487
Fund balance at June 30, 1985	$ 125,963

See accompanying notes to combined financial statements.

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COMMONWEALTH OF KENTUCKY
BALANCE SHEET
CAPITAL PROJECTS FUND
JUNE 30, 1985
(Expressed in Thousands)

Assets	
Cash and cash equivalents	$ 69,981
Investments	19,956
Receivables, net	17,321
Total assets	$ 107,258
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	$ 6,305
Interfund payables	453
Deferred revenues	12,682
Total liabilities	19,440
Fund balance:	
Reserved for:	
Encumbrances	11,531
Continued appropriations	68,626
Unreserved:	
Designated for other specific purposes	5,958
Undesignated	1,703
Total fund balance	87,818
Total liabilities and fund balance	$ 107,258

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

Revenues:	
Intergovernmental	$ 14,647
Interest and other investment income	18,283
Other	142
Total revenues	33,072
Expenditures:	
Capital outlay:	
General government	12,790
Commerce	23,013
Education and humanities	4,235
Energy	67
Human resources	7,081
Justice	741
Natural resources and environmental protection	25,753
Corrections	5,691
Public protection and regulation	32
Transportation	59
Total expenditures	79,372
Excess of revenues over (under) expenditures	(46,300)
Other financing sources (uses):	
Proceeds from sale of bonds	57,803
Operating transfers in	7,747
Operating transfers out	(3,390)
Total other financing sources (uses)	62,160
Excess of revenues and other financing sources over (under) expenditures and other financing uses	15,860
Fund balance at July 1, 1984, as restated	71,958
Fund balance at June 30, 1985	$ 87,818

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS)
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Charges for services	$	$ 3,713	$
Intergovernmental		27,134	
Interest and other investment income		24,601	
Other		65,208	
Total revenues		120,656	
Expenditures:			
General Government			
Military Affairs - operations	6,152	3,770	2,382
Board of Elections	50	50	
Eastern Kentucky University	911	91	820
Kentucky State University	7,339	4,267	3,072
Morehead State University	2,216	1,061	1,155
Murray State University	3,543	2,334	1,209
Northern Kentucky University	2,300	674	1,626
University of Kentucky	19,534	12,246	7,288
University of Louisville	14,173	9,179	4,994
Western Kentucky University	730	154	576
Office of the Secretary - finance and administration	133	133	
Governor's Office for Policy and Management	3,533		3,533
Department of Facilities Management	5,220	2,158	3,062
Department of Information Systems	16,118	8,823	7,295
Unredeemed checks refunded	58		58
Total general government	82,010	44,940	37,070
Commerce			
Kentucky State Fair Board	10,071	8,552	1,519
Office of the Secretary	19,246	11,443	7,803
Department of Fish & Wildlife Resources	1,030	272	758
Kentucky Horse Park	1,159	195	964
Department of Parks	4,221	2,515	1,706
Total commerce	35,727	22,977	12,750
Education and humanities			
Department for Education	5,117	2,001	3,116
Kentucky Educational Television	74	22	52
Department for Libraries and Archives	152	128	24
Kentucky School Building Authority	4,584	2,082	2,502
Total education and humanities	9,927	4,233	5,694
Energy			
Department of Research and Development	216	67	149
Total energy	216	67	149
Human Resources			
Office of Administrative Services	11,743	453	11,290
Department for Health Services	12,775	6,301	6,474
Department for Social Services	875	326	549
Total human resources	25,393	7,080	18,313

	Budget	Actual	Variance favorable (unfavorable)
Justice			
Department of State Police	836	741	95
Total justice	836	741	95
Natural Resources and environmental protection			
Kentucky Nature Preserves Commission	69	41	28
Department for Environmental Protection	201	67	134
Department for Natural Resources	76,777	25,457	51,320
Total natural resources and environmental protection	77,047	25,565	51,482
Corrections			
Department of Adult Correctional Institutions	14,963	5,784	9,179
Total corrections	14,963	5,784	9,179
Public Protection and regulation			
Department of Insurance	50	32	18
Total public protection and regulation	50	32	18
Transportation			
Administration	394	59	335
Total transportation	394	59	335
Total expenditures	246,563	111,478	135,085
Excess of revenues over (under) expenditures	$	$ 9,178	$

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 1985
(Expressed in Thousands)

	State Parks	State Fair Board	Industries for the Blind	Horse Park	Ky. Center for the Arts	Total June 30, 1985
Assets						
Current assets:						
Cash and cash equivalents	$ 8,679	$ 350	$ 70	$ 1,075	$ 367	$ 10,541
Cash with fiscal agents	10,541					10,541
Receivables, net	433	299	149	71	198	1,150
Interfund receivables	4	185	9	6		204
Inventories	2,391	111	131	364	61	3,058
Other					16	16
Total current assets	22,048	945	359	1,516	642	25,510
Other assets:						
Deferred charges	33	289		15	18	355
Total other assets	33	289		15	18	355
Fixed assets:						
Land	40,973	16,120	50	4,232		61,375
Buildings and improvements	63,740	76,817	988	21,776	302	163,623
Machinery and equipment	11,872	6,088	135	3,022	570	21,687
Less accumulated depreciation	(45,206)	(21,744)	(485)	(3,947)	(74)	(71,456)
Total fixed assets, net	71,379	77,281	688	25,083	798	175,229
Total assets	$ 93,460	$ 78,515	$ 1,047	$ 26,614	$ 1,458	$ 201,094
Liabilities and Fund Equity						
Liabilities						
Current liabilities:						
Accounts payable	$ 3,012	$ 413	$ 36	$ 131	$ 361	$ 3,953
Interfund payables	158	45		21		224
Current portion of long-term debt	1,017				66	1,083
Current portion of lease-purchase agreements	123	21	1	2		147
Deferred revenues	899	528	7	4	159	1,597
Other					8	8
Total current liabilities	5,209	1,007	44	158	594	7,012
Long-term liabilities:						
Notes payable					355	355
Bonds payable	9,100					9,100
Lease-purchase agreements	309	40	2	2		353
Total long-term liabilities	9,409	40	2	2	355	9,808
Total liabilities	14,618	1,047	46	160	949	16,820
Fund equity:						
Contributed capital		51,244		24,380		75,624
Retained earnings:						
Reserved	11,541			10		11,551
Unreserved	67,301	26,224	1,001	2,064	509	97,099
Total fund equity	78,842	77,468	1,001	26,454	509	184,274
Total liabilities and fund equity	$ 93,460	$ 78,515	$ 1,047	$ 26,614	$ 1,458	$ 201,094

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	State Parks	State Fair Board	Industries for the Blind	Horse Park	Ky. Center for the Arts	Total June 30, 1985
Operating revenues:						
Charges for services	$ 27,451	$ 12,114	$ 1,233	$ 2,886	$ 742	$ 44,426
Intergovernmental	41					41
Interest and other investment income	1,269				10	1,279
Other	157	6			894	1,057
Total operating revenues	28,918	12,120	1,233	2,886	1,646	46,803
Operating expenses:						
Personal services	22,218	7,143	853	1,600	1,414	33,228
Utilities, rentals, and other services	7,279	3,978	135	700	509	12,601
Commodities and supplies	10,274	970	681	664		12,589
Grants and subsidies	25	690			444	1,159
Depreciation and amortization	3,544	2,138	29	755	56	6,522
Interest on debt	511				41	552
Judgements	36	2				38
Other	182	50	3	21	512	768
Total operating expenses	44,069	14,971	1,701	3,740	2,976	67,457
Operating income (loss)	(15,151)	(2,851)	(468)	(854)	(1,330)	(20,654)
Nonoperating revenues (expenses)					1,677	1,677
Income (loss) before operating transfers	(15,151)	(2,851)	(468)	(854)	347	(18,977)
Operating transfers in	14,674	622	396	581		16,273
Operating transfers out		(1,453)				(1,453)
Other financing sources (uses)	(83)	7,745				7,662
Net income (loss)	(560)	4,063	(72)	(273)	347	3,505
Fund Equity at July 1, 1984, as restated	79,402	73,403	1,073	26,727	162	180,767
Equity transfers in (out)		2				2
Fund Equity at June 30, 1985	$ 78,842	$ 77,468	$ 1,001	$ 26,454	$ 509	$ 184,274

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	State Parks	State Fair Board	Industries for the Blind	Horse Park	Ky. Center for the Arts	Total June 30, 1985
Sources of working capital:						
Operations:						
Net income (loss)	$ (560)	$ 4,063	$ (72)	$ (273)	$ 347	$ 3,505
Equity transfers in (out)		2				2
Items not requiring working capital:						
Depreciation and amortization	3,544	2,138	29	755	56	6,522
(Gain) loss from fixed asset dispositions	83			(4)		79
Working capital provided by operations	3,067	6,203	(43)	478	403	10,108
Proceeds from fixed asset dispositions	71			5		76
Other		40				40
Total sources of working capital	3,138	6,243	(43)	483	403	10,224
Uses of working capital:						
Acquisition of fixed assets	4,463	8,090		328	260	13,141
Decrease in long-term debt	790		1	2	69	862
Total uses of working capital	5,253	8,090	1	330	329	14,003
Net increase (decrease) in working capital	$ (2,115)	$ (1,847)	$ (44)	$ 153	$ 74	$ (3,779)
Elements of net increase (decrease) in working capital:						
Cash and cash equivalents	$ (2,372)	$ (1,774)	$ (69)	$ (68)	$ 282	$ (4,021)
Cash with fiscal agents	93					93
Receivables	95	(331)	(45)	20	72	(189)
Interfund receivables	(423)	178	(4)	(14)		(263)
Inventories	155	19	(20)	25	(6)	173
Other assets	4	54		13	(17)	54
Warrants payable	74	92	12	64		242
Accounts payable	(395)	119	104	117	(95)	(150)
Interfund payables	348	(15)		(5)		328
Deferred revenues	(79)	(168)	(2)	1	(154)	(402)
Other liabilities					7	7
Current portion of long-term debt	477				(15)	462
Current portion of lease-purchase agreement	(92)	(21)				(113)
Net increase (decrease) in working capital	$ (2,115)	$ (1,847)	$ (44)	$ 153	$ 74	$ (3,779)

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
JUNE 30, 1985
(Expressed in Thousands)

	Computer Services	Central Stores	Telecom-munications	Prison Industries	Central Printing	Property Management	Total June 30, 1985
Assets							
Current assets:							
Cash and cash equivalents	$ 1,642	$ 441	$ 1,531	$ 1,014	$ 212	$ 3,787	$ 8,627
Receivables, net	150		105	817	195	381	1,648
Interfund receivables	154		22	109	1	47	333
Inventories	40	644		1,508	335	211	2,738
Total current assets	1,986	1,085	1,658	3,448	743	4,426	13,346
Fixed assets:							
Land		41	356	1,176		298	1,871
Buildings and improvements	5,514	530	1,543	1,596		242	9,425
Machinery and equipment	20,357	62	12,551	3,188	1,383	404	37,945
Less accumulated depreciation	(10,148)	(250)	(5,150)	(1,689)	(881)	(190)	(18,308)
Total fixed assets, net	15,723	383	9,300	4,271	502	754	30,933
Total assets	$17,709	$ 1,468	$ 10,958	$ 7,719	$ 1,245	$ 5,180	$ 44,279
Liabilities and Fund Equity							
Liabilities:							
Current liabilities:							
Accounts payable	$ 1,180	$ 134	$ 1,128	$ 401	$ 172	$ 432	$ 3,447
Interfund payables	22		8	9		10	49
Current portion of lease-purchase agreements	3,667		24	18	20		3,729
Deferred revenues	1,701			448	71		2,220
Total current liabilities	6,570	134	1,160	876	263	442	9,445
Long-term liabilities:							
Lease-purchase agreements	9,466		33	33	62		9,594
Total long-term liabilities	9,466		33	33	62		9,594
Total liabilities	16,036	134	1,193	909	325	442	19,039
Fund equity:							
Retained earnings:							
Unreserved	1,673	1,334	9,765	6,810	920	4,738	25,240
Total fund equity	1,673	1,334	9,765	6,810	920	4,738	25,240
Total liabilities and fund equity	$17,709	$ 1,468	$ 10,958	$ 7,719	$ 1,245	$ 5,180	$ 44,279

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Computer Services	Central Stores	Telecom-munications	Prison Industries	Central Printing	Property Management	Total June 30, 1985
Operating revenues:							
Charges for services	$15,742	$ 3,747	$ 12,224	$ 6,222	$ 2,920	$ 13,678	$ 54,533
Other		1	7	1		2	11
Total operating revenues	15,742	3,748	12,231	6,223	2,920	13,680	54,544
Operating expenses:							
Personal services	13,140	281	1,319	1,791	1,439	7,431	25,401
Utilities, rentals, and other services	5,959	139	10,766	402	554	4,393	22,213
Commodities and supplies	523	3,320	307	2,655	809	872	8,486
Grants and subsidies				803			803
Depreciation and amortization	4,392	14	1,075	199	136	48	5,864
Other	44		13	20		27	104
Total operating expenses	24,058	3,754	13,480	5,870	2,938	12,771	62,871
Operating income (loss)	(8,316)	(6)	(1,249)	353	(18)	909	(8,327)
Income (loss) before operating transfers	(8,316)	(6)	(1,249)	353	(18)	909	(8,327)
Operating transfers in	2,380		(18)		76	11,899	14,355
Operating transfers out	(404)		(7)		(69)	(9,576)	(9,998)
Other financing uses	(227)						(303)
Net income (loss)	(6,567)	(6)	(1,274)	353	(11)	3,232	(4,273)
Retained earnings at July 1, 1984, as restated	8,240	1,340	11,039	6,457	931	1,506	29,513
Retained earnings at June 30, 1985	$ 1,673	$ 1,334	$ 9,765	$ 6,810	$ 920	$ 4,738	$ 25,240

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Computer Services	Central Stores	Telecom-munications	Prison Industries	Central Printing	Property Management	Total June 30, 1985
Sources of working capital:							
Operations:							
Net income (loss)	$(6,567)	$ (6)	$ (1,274)	$ 353	$ (11)	$ 3,232	$ (4,273)
Items not requiring working capital:							
Depreciation and amortization	4,392	14	1,075	199	136	48	5,864
(Gain) Loss from fixed asset dispositions	228		7		70		305
Working capital provided by operations	(1,947)	8	(192)	552	195	3,280	1,896
Proceeds from fixed asset dispositions	139		38				177
Other	9,466		9	33	61		9,569
Total sources of working capital	7,658	8	(145)	585	256	3,280	11,642
Uses of working capital:							
Acquisition of fixed assets	15,023		120	150	93	153	15,539
Total uses of working capital	15,023		120	150	93	153	15,539
Net increase (decrease) in working capital	$(7,365)	$ 8	$ (265)	$ 435	$ 163	$ 3,127	$ (3,897)
Elements of net increase (decrease) in working capital:							
Cash and cash equivalents	$(2,192)	$ (76)	$ (715)	$ (84)	$ 100	$ 2,774	$ (193)
Receivables	(175)		105	769	195	381	1,275
Interfund receivables	(6,537)		6	(283)	(129)	(414)	(7,357)
Inventories	(24)	(77)		405	10	16	330
Warrants payable	3,160	97	438	51	26	18	3,790
Accounts payable	1,146	62	(87)	41	(73)	(154)	935
Interfund payables	768	2	(1)	2	120	506	1,397
Deferred revenues	156			(448)	(71)		(363)
Current portion of lease-purchase agreements	(3,667)		(11)	(18)	(15)		(3,711)
Net increase (decrease) in working capital	$(7,365)	$ 8	$ (265)	$ 435	$ 163	$ 3,127	$ (3,897)

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
DEBT ISSUING AUTHORITIES
JUNE 30, 1985
(Expressed in Thousands)

	Kentucky Local Correctional Facilities Construction Authority	Kentucky Housing Corporation	Pollution Abatement Authority	Kentucky Higher Education Student Loan Corporation	Kentucky Development Finance Authority	Total June 30, 1985
Assets						
Current assets:						
Cash and cash equivalents	$ 35,157	$ 8,837	$ 32,364	$ 503	$ 22,561	$ 99,422
Cash with fiscal agents				142		142
Investments		237,173		55,992	2,844	296,009
Receivables	1,029	311		6,302	377	8,019
Other		8		75	12	95
Total current assets	36,186	246,329	32,364	63,014	25,794	403,687
Other assets:						
Long-term investments		1,095				1,095
Long-term receivables	17	607,638	44,637	231,210	37,593	921,095
Deferred charges	1,060	12,099	2,097	3,767		19,023
Total other assets	1,077	620,832	46,734	234,977	37,593	941,213
Fixed assets:						
Land					762	762
Buildings and improvements		51				51
Machinery and equipment		265				265
Less accumulated depreciation		(77)				(77)
Total fixed assets		239			762	1,001
Total assets	$ 37,263	$ 867,400	$ 79,098	$ 297,991	$ 64,149	$ 1,345,901
Liabilities and Fund Equity						
Liabilities:						
Current liabilities:						
Accounts payable and accruals	$ 814	$ 30,922	$ 1,144	$ 2 13	$ 20	$ 35,213
Current portion of long-term debt	76	15,885			128	16,089
Deferred revenues		804	306		92	1,202
Other		6,640				6,640
Total current liabilities	890	54,251	1,450	2,313	240	59,144
Long-term liabilities:						
Notes payable			20,000		112	20,112
Bonds payable	31,535	724,524	48,544	280,655		1,085,258
Total long-term liabilities	31,535	724,524	68,544	280,655	112	1,105,370
Total liabilities	32,425	778,775	69,994	282,968	352	1,164,514
Fund equity:						
Retained earnings:						
Reserved for revenue bond retirement	4,838	78,632		14,740	63,797	162,007
Unreserved		9,993	9,104	283		19,380
Total fund equity	4,838	88,625	9,104	15,023	63,797	181,387
Total liabilities and fund equity	$ 37,263	$ 867,400	$ 79,098	$ 297,991	$ 64,149	$ 1,345,901

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
DEBT ISSUING AUTHORITIES
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Kentucky Local Correctional Facilities Construction Authority	Kentucky Housing Corporation	Pollution Abatement Authority	Kentucky Higher Education Student Loan Corporation	Kentucky Development Finance Authority	Total June 30, 1985
Operating revenues:						
Charges for services	$	$ 3,310	$	$	$ 131	$ 3,441
Interest and other investment income	705	70,711	5,220	32,319	4,246	113,201
Other	2,355	22	160		9	2,546
Total operating revenues	3,060	74,043	5,380	32,319	4,386	119,188
Operating expenses:						
Personal services		343			322	665
Utilities, rentals, and other services		2,551			29	2,580
Commodities and supplies		76			9	85
Grants and subsidies	568	2,277				2,845
Depreciation and amortization	10	750	240	1,309	2	2,311
Interest	224	52,231	3,961	23,217	14	79,647
Other	5	1,913	44	4,623	119	6,704
Total operating expenses	807	60,141	4,245	29,149	495	94,837
Operating income (loss)	2,253	13,902	1,135	3,170	3,891	24,351
Nonoperating revenues (expenses)					48	48
Net income (loss)	2,253	13,902	1,135	3,170	3,939	24,399
Retained earnings at July 1, 1984, as restated	2,585	74,723	7,969	11,853	59,858	156,988
Retained earnings at June 30, 1985	$ 4,838	$ 88,625	$ 9,104	$ 15,023	$ 63,797	$ 181,387

See accompanying notes to combined financial statements.

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COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
DEBT ISSUING AUTHORITIES
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Kentucky Local Correctional Facilities Construction Authority	Kentucky Housing Corporation	Pollution Abatement Authority	Kentucky Higher Education Student Loan Corporation	Kentucky Development Finance Authority	Total June 30, 1985
Sources of working capital:						
Operations:						
Net income (loss)	$ 2,253	$ 13,902	$ 1,135	$ 3,170	$ 3,939	$ 24,399
Items not requiring working capital:						
Depreciation and amortization	7	750	240	1,309		2,306
Other		198	(26)			172
Working capital provided by operations	2,260	14,850	1,349	4,479	3,939	26,877
Proceeds from fixed asset dispositions					260	260
Proceeds from sale of bonds	31,607	100,000	20,000	39,934		191,541
Other				17,648		17,648
Total sources of working capital	33,867	114,850	21,349	62,061	4,199	236,326
Uses of working capital:						
Acquisition of fixed assets		181				181
Decrease in long-term debt	1,142	20,635	1,240	55,115	268	78,400
Increase in noncurrent receivables	15	31,430	342		2,342	34,129
Purchase of long-term investments		949		12,686		13,635
Other		2,533	462			2,995
Total uses of working capital	1,157	55,728	2,044	67,801	2,610	129,340
Net increase (decrease) in working capital	$ 32,710	$ 59,122	$ 19,305	$ (5,740)	$ 1,589	$ 106,986
Elements of net increase (decrease) in working capital:						
Cash and cash equivalents	$ 32,749	$ 5,704	$ 19,476	$	$ 1,388	$ 59,317
Cash with fiscal agents				(332)		(332)
Investments		65,963		(4,655)	362	61,670
Receivables	852	21		(665)	(64)	144
Interfund receivables		4				4
Other assets		2				2
Accounts payable and accruals	(814)	(7,027)	(30)	(88)	(12)	(7,971)
Interfund payable					(5)	(5)
Deferred revenues		(177)	(141)		2	(316)
Current portion of long-term debt	(77)	(1,920)			(128)	(2,125)
Other liabilities		(3,448)			46	(3,402)
Net increase (decrease) in working capital	$ 32,710	$ 59,122	$ 19,305	$ (5,740)	$ 1,589	$ 106,986

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
ALL TRUST AND AGENCY FUNDS
JUNE 30, 1985
(Expressed in Thousands)

	Expendable Trust Funds		
	Fire and Tornado Insurance	Unemployment Compensation	Other Expendable Trust
Assets			
Cash and cash equivalents	$ 7,439	$ 2,004	$ 34,637
Cash with fiscal agents			
Cash on deposit with Federal Government		41,191	
Investments net of amortization	29		8,152
Accrued investment income			
Receivables, net	229	97,425	2,546
Prepaid benefits			
Other			
Total assets	$ 7,697	$ 140,620	$ 45,335
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accruals	$ 323	$ 2,231	$ 1,737
Interfund payables			69
Deferred revenues	1	20,180	2,469
Amounts held in custody for others			
Other liabilities			
Total liabilities	324	22,411	4,275
Fund balances:			
Reserved for:			
Investments	4,921		240
Employee retirement systems			
Deferred compensation			
Unreserved:			
Undesignated	2,452	118,209	40,820
Total fund balances	7,373	118,209	41,060
Total liabilities and fund balances	$ 7,697	$ 140,620	$ 45,335

See accompanying notes to combined financial statements.

Nonexpendable Trust Funds			Agency Funds		Totals
Deferred Compensation System	Other Non-expendable Trust	Pension Trust	County Sinking	Special Deposit Trust	June 30, 1985
$ 518	$ 197	$ 266,226	$ 5,281	$ 44,277	$ 360,579
			654		654
					41,191
79,398	2	3,041,525			3,129,106
		52,542			52,542
452	4	24,074		37	124,767
		4,488			4,488
		4,932			4,932
$ 80,368	$ 203	$3,393,787	$ 5,935	$ 44,314	$3,718,259
$ 201	$	$ 1,994	$	$	$ 6,486
				1	70
					22,650
			5,935	44,313	50,248
		63			63
201		2,057	5,935	44,314	79,517
	165				5,326
		3,391,730			3,391,730
80,167					80,167
	38				161,519
80,167	203	3,391,730			3,638,742
$ 80,368	$ 203	$3,393,787	$ 5,935	$ 44,314	$3,718,259

COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
PENSION TRUST FUNDS
JUNE 30, 1985
(Expressed in Thousands)

	Pension Trust Funds							Total
	Kentucky Employes Retirement System	State Police Retirement System	Teachers' Retirement System	Judicial Retirement System	Legislators Retirement System	County Employes Retirement System	Kentucky Retirement System Insurance	June 30, 1985
Assets								
Cash and cash equivalents	$ 155,444	$ 15,107	$ 10,477	$ 8	$ 3	$ 80,649	$ 4,538	$ 266,226
Investment net of amortization	763,267	68,905	1,773,435	43,455	8,965	383,498		3,041,525
Accrued investment income	13,546	1,217	30,894			6,885		52,542
Receivables, net	3,139	214	12,365	3	19	7,524	810	24,074
Prepaid benefits			4,488					4,488
Other	50	4	4,853			25		4,932
Total assets	$ 935,446	$ 85,447	$1,836,512	$ 43,466	$ 8,987	$ 478,581	$ 5,348	$3,393,787
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	965	431	60			538		1,994
Other liabilities			63					63
Total liabilities	965	431	123			538		2,057
Fund balances:								
Reserved for:								
Employee retirement system	934,481	85,016	1,836,389	43,466	8,987	478,043	5,348	3,391,730
Total fund balances	934,481	85,016	1,836,389	43,466	8,987	478,043	5,348	3,391,730
Total liabilities and fund balances	$ 935,446	$ 85,447	$1,836,512	$ 43,466	$ 8,987	$ 478,581	$ 5,348	$3,393,787

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Fire and Tornado Insurance	Unemployment Compensation	Other Expendable Trust	Totals June 30, 1985
Revenues:				
Taxes	$	$ 278,212	$ 61,688	$ 339,900
Intergovernmental		34,528		34,528
Charges for services		282	232	514
Fines and forfeits		2,288		2,288
Interest and other investment income	884	1,341	437	2,662
Other	3,329	1,341	9,685	14,355
Total revenues	4,213	317,992	72,042	394,247
Expenditures:				
General government			7	7
Commerce			4	4
Education and humanities			3	3
Human resources		196,021	1,484	197,505
Public protection and regulation	599		61,482	62,081
Total expenditures	599	196,021	62,980	259,600
Excess of revenues over (under) expenditures	3,614	121,971	9,062	134,647
Other financing sources (uses):				
Operating transfers in			1,873	1,873
Operating transfers out	(220)	(556)	(4,287)	(5,063)
Increase (decrease) in inventories			(25)	(25)
Total other financing sources (uses)	(220)	(556)	(2,439)	(3,215)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	3,394	121,415	6,623	131,432
Fund balances at July 1, 1984, as restated	3,979	(3,180)	34,437	35,236
Equity transfer in (out)		(26)		(26)
Fund balances at June 30, 1985	$ 7,373	$ 118,209	$ 41,060	$ 166,642

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
NONEXPENDABLE AND PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Nonexpendable Trust Funds		Pension Trust Funds		
	Deferred Compensation System	Other Non-expendable Trust	Kentucky Employes Retirement System	State Police Retirement System	Teachers' Retirement System
Operating revenues:					
Contributions	$ 11,568	$	$ 76,949	$ 6,345	$ 230,375
Interest and other investment income	7,626	21	78,510	6,993	179,612
Other			12,959	653	745
Total operating revenues	19,194	21	168,418	13,991	410,732
Operating expenses:					
Administrative Expenses	152		722	14	1,321
Other	112	2	250	24	12,674
Benefits	2,033		39,225	3,496	132,976
Refunds of contributions			5,172	181	6,702
Total operating expenses	2,297	2	45,369	3,715	153,673
Operating income (loss)	16,897	19	123,049	10,276	257,059
Income (loss) before operating transfers	16,897	19	123,049	10,276	257,059
Other financing sources (uses):					
Operating transfers in					
Operating transfers out			(3,122)	(240)	
Net income (loss)	16,897	19	119,927	10,036	257,059
Fund balances at July 1, 1984, as restated	63,270	184	814,554	74,980	1,579,330
Fund balances at June 30, 1985	$ 80,167	$ 203	$ 934,481	$ 85,016	$1,836,389

See accompanying notes to combined financial statements.

Pension Trust Funds				Total
Judicial Retirement System	Legislators Retirement System	County Employes Retirement System	Kentucky Retirement System Insurance	June 30, 1984
$ 500	$ 181	$ 44,619	$	$ 370,537
3,820	775	40,148	382	317,887
		7,576		21,933
4,320	956	92,343	382	710,357
44	6	650		2,909
10	19	124		13,215
1,826	121	14,844	4,297	198,318
46	21	3,571		15,693
1,926	167	19,189	4,297	230,635
2,394	789	73,154	(3,915)	479,722
2,394	789	73,154	(3,915)	479,722
2,170	1,146		4,660	7,976
		(1,298)		(4,660)
4,564	1,935	71,856	745	483,038
38,902	7,052	406,187	4,603	2,989,062
$ 43,466	$ 8,987	$ 478,043	$ 5,348	$3,472,100

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
NONEXPENDABLE TRUST AND PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Nonexpendable Trust Funds		Pension Trust Funds		
	Deferred Compensation System	Other Non-expendable Trust	Kentucky Employes Retirement System	State Police Retirement System	Teachers' Retirement System
Sources of working capital:					
Operations:					
Net income	$ 16,897	$ 19	$ 119,927	$ 10,036	$ 257,059
Items not requiring working capital:					
Depreciation and amortization		(2)	(6,230)	(654)	
Working capital provided by operations	16,897	17	113,697	9,382	257,059
Total sources of working capital	16,897	17	113,697	9,382	257,059
Uses of working capital:					
Purchase of long-term investments			51,960	4,089	237,188
Other					9,115
Total uses of working capital			51,960	4,089	246,303
Net increase (decrease) in working capital	$ 16,897	$ 17	$ 61,737	$ 5,293	$ 10,756
Elements of net increase (decrease) in working capital:					
Cash and cash equivalents	$ 258	$ (1)	$ 60,182	$ 5,687	$ 1,891
Investments	16,637	16			
Accrued investment income			1,533	(4)	
Receivables	(4)	2	(164)	(17)	8,922
Other assets			50	5	
Other liabilities					(57)
Accounts payable	6		136	(378)	
Net increase (decrease) in working capital	$ 16,897	$ 17	$ 61,737	$ 5,293	$ 10,756

See accompanying notes to the combined financial statements.

Pension Trust Funds				Total
Judicial Retirement System	Legislators Retirement System	County Employes Retirement System	Kentucky Retirement System Insurance	June 30, 1985
$ 4,564	$ 1,935	$ 71,856	$ 745	$ 483,038
		(3,200)		(10,086)
4,564	1,935	68,656	745	472,952
4,564	1,935	68,656	745	472,952
21,102	3,280	39,164		356,783
				9,115
21,102	3,280	39,164		365,898
$ (16,538)	$ (1,345)	$ 29,492	$ 745	$ 107,054
$ (28,277)	$ (5,721)	$ 28,157	$ 901	$ 63,077
5,125	3,167			24,945
		884		2,413
(7)	17	478	(156)	9,071
		25		80
				(57)
6,621	1,192	(52)		7,525
$ (16,538)	$ (1,345)	$ 29,492	$ 745	$ 107,054

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Balance July 1, 1984	Additions	Deductions	Balance June 30,1985
COUNTY SINKING FUND				
Assets				
Cash and cash equivalents	$ 7,225	$ 20,972	$ 22,916	$ 5,281
Cash with fiscal agents	702	873	921	654
Total assets	$ 7,927	$ 21,845	$ 23,837	$ 5,935
Liabilities				
Warrants payable	$ 1,904	$ 14,737	$ 16,641	$
Amounts held in custody for others	6,023	2,759	2,847	5,935
Total liabilities	$ 7,927	$ 17,496	$ 19,488	$ 5,935
SPECIAL DEPOSIT TRUST FUND				
Assets				
Cash and cash equivalents	$ 77,517	$1,251,628	$1,284,868	$ 44,277
Accounts receivable		37		37
Total assets	$ 77,517	$1,251,665	$1,284,868	$ 44,314
Liabilities				
Warrants payable	$ 27,557	$ 683,945	$ 711,502	$
Due to other funds		1		1
Amounts held in custody for others	49,960	665,778	671,425	44,313
Total liabilities	$ 77,517	$1,349,724	$1,382,927	$ 44,314
ALL AGENCY FUNDS				
Assets				
Cash and cash equivalents	$ 84,742	$1,272,600	$1,307,784	$ 49,558
Cash with fiscal agents	702	873	921	654
Accounts receivable		37		37
Total assets	$ 85,444	$1,273,510	$1,308,705	$ 50,249
Liabilities				
Warrants payable	$ 29,461	$ 698,682	$ 728,143	$
Due to other funds		1		1
Amounts held in custody for others	55,983	668,537	674,272	50,248
Total liabilities	$ 85,444	$1,367,220	$1,402,415	$ 50,249

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
ALL UNIVERSITY AND COLLEGE FUNDS
JUNE 30, 1985
(Expressed in Thousands)

	Current	Fiduciary	Plant	Totals June 30, 1985
Assets				
Cash and cash equivalents	$ 77,832	$ 26,118	$ 61,208	$ 165,158
Cash with fiscal agents			3,690	3,690
Investments	52,669	96,653	44,164	193,486
Receivables:				
State agencies	1,966			1,966
Others	30,934	75,713	1,065	107,712
Interfund receivables	34,818	336	12,482	47,636
Inventories	13,868			13,868
Land			32,321	32,321
Buildings			988,279	988,279
Improvements other than buildings			26,476	26,476
Equipment			249,356	249,356
Library books			96,076	96,076
Livestock			582	582
Construction in progress			23,543	23,543
Fixed Assets		9,040		9,040
Other	2,412	2,283	4,265	8,960
Total assets	$ 214,499	$ 210,143	$ 1,543,507	$ 1,968,149
Liabilities and Fund Equity				
Liabilities:				
Accounts payable:				
State agencies	$ 218	$	$ 1,078	$ 1,296
Others	17,593	9,498	10,720	37,811
Accrued liabilities	29,049			29,049
Interfund payables	34,351	12,775	510	47,636
Deposits and advance payments	354			354
Deferred revenue	11,638			11,638
Notes payable		334	10,469	10,803
Bonds payable			427,210	427,210
Amounts held in custody for others		5,617		5,617
Other	5,370		126	5,496
Total liabilities	98,573	28,224	450,113	576,910
Fund equity:				
Investment in fixed assets		7,075	971,004	978,079
Fund balances				
Reserved for:				
Encumbrances and contracts	4,833			4,833
Other specific purposes	105,645	174,844	82,316	362,805
Unreserved:				
Designated for trust purposes				
Designated for universities and colleges	5,448		40,074	45,522
Total fund equity	115,926	181,919	1,093,394	1,391,239
Total liabilities and fund equity	$ 214,499	$ 210,143	$ 1,543,507	$ 1,968,149

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
ALL UNIVERSITY AND COLLEGE CURRENT FUNDS
JUNE 30, 1985
(Expressed in Thousands)

	Unrestricted				
	General	Auxiliary Enterprises and Hospitals	Total	Restricted	Total June 30, 1985
Assets					
Cash and cash equivalents	$ 54,244	$ 7,460	$ 61,704	$ 16,128	$ 77,832
Investments	17,012	100	17,112	35,557	52,669
Receivables:					
State agencies	772	883	1,655	311	1,966
Others	8,927	14,796	23,723	7,211	30,934
Interfund receivables	4,547	23,899	28,446	6,372	34,818
Inventories	9,696	4,025	13,721	147	13,868
Other	1,849	486	2,335	77	2,412
Total assets	$ 97,047	$ 51,649	$ 148,696	$ 65,803	$ 214,499
Liabilities and Fund Balances					
Liabilities:					
Accounts payable:					
State agencies	$ 183	$ 11	$ 194	$ 24	$ 218
Others	14,183	2,316	16,499	1,094	17,593
Accrued liabilities	18,190	2,702	20,892	8,157	29,049
Interfund payables	7,166	1,935	9,101	25,250	34,351
Deposits and advance payments	283	67	350	4	354
Deferred revenue	8,939	1,413	10,352	1,286	11,638
Other	1,382	3,604	4,986	384	5,370
Total liabilities	50,326	12,048	62,374	36,199	98,573
Fund balances:					
Allocated:					
Non-discretionary:					
Allocated for working capital	12,844	19,420	32,264	85	32,349
Allocated for encumbrances	4,818	12	4,830	3	4,833
Other allocations	17,020	19,080	36,100	29,360	65,460
Discretionary	7,399	437	7,836		7,836
Unallocated	4,640	652	5,292	156	5,448
Total fund balances	46,721	39,601	86,322	29,604	115,926
Total liabilities and fund balances	$ 97,047	$ 51,649	$ 148,696	$ 65,803	$ 214,499

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
ALL UNIVERSITY AND COLLEGE FIDUCIARY FUNDS
JUNE 30, 1985
(Expressed in Thousands)

	Loan	Endowment and Similar	Agency	Foundations	Total June 30, 1984
Assets					
Cash and cash equivalents	$ 5,904	$ 1,015	$ 3,211	$ 15,988	$ 26,118
Investments		42,749	337	53,567	96,653
Receivables:					
State agencies	43,405	24,794	39	7,475	75,713
Others	2	29	120	185	336
Interfund receivables				9,040	9,040
Fixed assets		882		1,401	2,283
Other					
Total assets	$ 49,311	$ 69,469	$ 3,707	$ 87,656	210,143
Liabilities and Fund Balances					
Liabilities:					
Accounts payable:	$	$	$	$	$
State agencies	6		362	9,130	9,498
Others	53		3	12,719	12,775
Interfund payables				334	334
Notes payable			3,342	2,275	5,617
Amounts held in custody for others					
Total liabilities	59		3,707	24,458	28,224
Fund balances:					
U. S. Government grants refundable	39,547				39,547
Institutional funds-restricted	9,609			15,512	25,121
Endowment		20,879		6,315	27,194
Term endowment		7,974			7,974
Life income		965		477	1,442
Institutional funds-unrestricted	96			30,279	30,375
Quasi-endowment		39,651		3,540	43,191
Investments in fixed assets				7,075	7,075
Total fund balances	49,252	69,469		62,198	181,919
Total liabilities and fund balances	$ 49,311	$ 69,469	$ 3,707	$ 87,656	$ 210,143

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
ALL UNIVERSITY AND COLLEGE PLANT FUNDS
JUNE 30, 1985
(Expressed in Thousands)

	Unexpended	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	Total June 30, 1985
Assets					
Cash and cash equivalents	$ 55,434	$ 3,669	$ 2,105	$	$ 61,208
Cash with fiscal agents		166	3,524		3,690
Investments (long term)	2,528	4,855	36,781		44,164
Receivables:					
Others	312	167	586		1,065
Interfund receivables	10,770	495	1,217		12,482
Land				32,321	32,321
Buildings				988,279	988,279
Improvements other than buildings				26,476	26,476
Equipment				249,356	249,356
Library books				96,076	96,076
Livestock				582	582
Construction in progress	19,566			3,977	23,543
Other	664			3,601	4,265
Total assets	$ 89,274	$ 9,352	$ 44,213	$1,400,668	$1,543,507
Liabilities and Fund Equity					
Liabilities:					
Accounts payable:					
State agencies	$	$	$ 1,078	$	$ 1,078
Others	2,907	121	1,352	6,340	10,720
Interfund payables	17	65	428		510
Notes payable	2,489			7,980	10,469
Bonds payable	11,866			415,344	427,210
Other	126				126
Total liabilities	17,405	186	2,858	429,664	450,113
Fund equity:					
Net investment in plant				971,004	971,004
Fund balances:					
Restricted	36,484	5,361	40,471		82,316
Unrestricted	35,385	3,805	884		40,074
Total fund equity	71,869	9,166	41,355	971,004	1,093,394
Total liabilities and fund equity	$ 89,274	$ 9,352	$ 44,213	$1,400,668	$1,543,507

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ALL UNIVERSITY AND COLLEGE-CURRENT FUNDS
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Unrestricted	Restricted	Total June 30, 1985
Revenues:			
Tuition and fees	$ 113,615	$ 5,818	$ 119,433
Federal grants and contracts	14,238	41,599	55,837
State/local grants and contracts	12,154	7,329	19,483
Private gifts, grants and contracts	10,373	45,952	56,325
Endowment income	705	2,111	2,816
Sales & services of educational activities	15,268	24	15,292
Sales & services of auxiliary enterprises and hospitals	142,512	226	142,738
Other	16,458	122	16,580
Total current revenues	325,323	103,181	428,504
Expenditures and transfers:			
Educational and general:			
Instruction	247,393	14,274	261,667
Research	23,470	15,447	38,917
Public service	38,986	21,268	60,254
Academic support	41,462	9,518	50,980
Libraries	22,987	1,044	24,031
Student services	34,815	1,752	36,567
Institutional support	56,346	3,067	59,413
Student financial aid	12,248	33,791	46,039
Maintenance and operation	68,026	149	68,175
Other	10,094	2	10,096
Total educational and general expenditures	555,827	100,312	656,139
Mandatory transfers for:			
Principal and interest	30,515	102	30,617
Loan fund matching	491	(206)	285
Non-mandatory transfers for plant fund	7,090	1,837	8,927
Total educational and general	593,923	102,045	695,968
Auxiliary enterprises and hospitals:			
Expenditures	125,536	6,932	132,468
Mandatory transfers for:			
Principal and interest	7,233		7,233
Renewal and replacement	263		263
Non-Mandatory transfers for plant fund	3,797		3,797
Total auxiliary enterprises and hospitals	136,829	6,932	143,761
Total expenditures and transfers	730,752	108,977	839,729
Other transfers and additions (deductions):			
Transfers from the State Treasury	417,136	3,525	420,661
Excess of restricted receipts over transfers to revenues		16,709	16,709
Indirect cost recovered	4,520		4,520
Refunds to grantors	1,007	(1,028)	(21)
Transfers from (to) other funds	(1,222)	232	(990)
Other	(1,198)	(112)	(1,310)
Net increase (decrease) in fund balance	14,814	13,530	28,344
Fund balance at July 1, 1984	71,508	16,074	87,582
Fund balance at June 30, 1985	$ 86,322	$ 29,604	$ 115,926

See accompanying notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ALL UNIVERSITY AND COLLEGE FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Loan	Endowment and Similar	Foundations	Total June 30, 1985
Revenues and other additions				
Restricted gifts and grants	$ 31	$ 1,968	$ 13,893	$ 15,892
Interest income	1,053	93	7,059	8,205
Governmental grants and contracts	677		34,196	34,873
Other	769	1,446	22,185	24,400
Total revenues and other additions	2,530	3,507	77,333	83,370
Expenditures and other deductions:				
Refunds to grantors	40			40
Administrative, collection, & litigation costs	464			464
Loan cancellations	873			873
Payment to beneficiaries		43	934	977
Other	312		57,749	58,061
Total expenditures and other deductions	1,689	43	58,683	60,415
Transfer among funds-additions (deductions)	179	5,338	(22,414)	(16,897)
Net increase (decrease in fund balances)	1,020	8,802	(3,764)	6,058
Fund balance at July 1, 1984	48,232	60,667	66,962	175,861
Fund balance at June 30, 1985	$ 49,252	$ 69,469	$ 63,198	$ 181,919

See accompaning notes to combined financial statements.

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ALL UNIVERSITY AND COLLEGE PLANT FUNDS
FOR THE YEAR ENDED JUNE 30, 1985
(Expressed in Thousands)

	Unexpended	Renewal and Replacements	Retirement of Indebtedness	Investment In Plant	Eliminations	Total June 30, 1985
Revenues and other additions:						
Restricted gifts and grants	$ 3,512	$ 10	$	$ 2,487	$	$ 6,009
Interest income	2,807	635	4,651			8,093
Government grants	1,285		519			1,804
Expended for plant facilities	78			42,055	(15,448)	26,685
Retirement of indebtedness				12,199	(12,199)	
Other	1,244		54	1,912		3,210
Total revenues and other additions	8,926	645	5,224	58,653		45,801
Expenditures and other deductions:						
Expended for plant facilities	15,403	195			(15,448)	150
Retirement of indebtedness			12,199		(12,199)	
Interest payments	192		26,974			27,166
Return of state grants	106					106
Disposal of plant facilities				6,546		6,546
Notes issued				540		540
Other	2,975	706	51	2,370		6,102
Total expenditures and other deductions	18,676	901	39,224	9,456		40,610
Transfers among funds-additions (deductions)	12,991	1,844	37,056			51,891
Net increase (decrease) in fund equity	3,241	1,588	3,056	49,197		57,082
Fund equity at July 1, 1984, as restated	68,628	7,578	38,299	921,807		1,036,312
Fund equity at June 30, 1985	$ 71,869	$ 9,166	$ 41,355	$ 971,004		$ 1,093,394

See accompanying notes to combined financial statements.

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STATISTICAL SECTION

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COMMONWEALTH OF KENTUCKY
REVENUE BY SOURCE - BUDGETARY BASIS
GENERAL, FEDERAL, TRANSPORTATION, CAPITAL PROJECTS, AND DEBT SERVICE FUNDS
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

SOURCE	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Selected sales and gross receipts tax	$ 142,156	$ 161,767	$ 183,883	$ 193,517	$ 175,458	$ 174,227	$ 188,446	$ 235,754	$ 251,697	$ 299,105
Sales and usage tax	409,193	463,841	531,189	599,296	607,604	630,472	682,432	700,407	754,320	820,482
Coal severance tax	91,078	112,597	127,761	153,610	176,368	178,760	237,882	201,815	191,845	207,363
Motor fuels tax	175,799	184,159	190,424	198,565	190,329	180,626	202,101	189,884	192,387	195,748
Motor vehicle registration	31,545	32,199	34,711	35,240	35,011	35,151	35,859	55,692	52,620	53,742
License and privilege taxes	18,611	19,173	22,825	26,713	29,441	47,458	55,565	63,664	84,699	51,865
Income tax - individual	292,546	338,160	389,912	456,288	505,832	573,091	600,823	647,170	710,474	776,569
Income tax - corporate	134,785	131,254	138,597	163,368	158,846	154,786	166,815	172,120	198,261	211,284
Property taxes	37,299	43,413	147,366	161,305	176,759	180,111	196,167	203,340	229,616	234,713
Inheritance and estate tax	16,424	19,229	21,843	22,727	23,295	28,322	29,606	38,317	42,831	50,977
Private grants	171	761	915	373	7,911	4,633	5,634	10,276	11,391	
Federal grants	687,869	699,340	767,408	898,793	997,761	1,078,565	973,132	1,032,444	1,144,360	1,335,312
Departmental fees, sales,and rentals	7,717	9,729	13,444	16,151	16,804	18,646	20,422	28,285	21,374	24,924
Tolls	15,485	16,846	18,021	19,312	18,708	18,981	19,509	20,224	20,697	20,862
Investment income	36,158	33,629	36,132	53,708	72,689	65,882	85,009	50,903	42,096	70,053
Miscellaneous income	18,307	55,571	18,552	33,303	77,933	31,658	30,469	63,648	39,745	137,637
Totals	$2,115,143	$2,321,668	$2,642,983	$3,032,269	$3,270,749	$3,401,369	$3,529,871	$3,713,943	$3,988,413	$4,490,636

SOURCE: Through 1983: Commonwealth of Kentucky Financial Report.
1984 and 1985: Supplemental to Commonwealth of Kentucky Financial Report.

COMMONWEALTH OF KENTUCKY
EXPENDITURES BY FUNCTION - BUDGETARY BASIS
GENERAL, FEDERAL, TRANSPORTATION, CAPITAL PROJECTS, AND DEBT SERVICE FUNDS
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

FUNCTION	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
General government	$ 466,663	$ 471,277	$ 479,095	$ 519,155	$ 543,681	$ 535,598	$ 478,174	$ 510,741	$ 578,241	$ 628,292
Legislative and judicial	10,431	14,682	30,525	45,813	50,942	55,380	61,389	66,576	75,423	73,242
Commerce	15,410	24,816	29,709	26,936	32,687	34,296	21,637	22,701	38,846	56,277
Education and humanities	536,737	583,551	774,326	881,642	983,958	1,040,940	1,050,906	1,249,029	1,352,799	1,392,620
Energy			1,631	7,488	7,981	12,642	18,785	9,664	13,746	9,343
Human resources	541,015	605,812	659,881	744,119	858,105	959,179	961,537	979,107	1,080,715	1,181,611
Justice	72,217	67,875	73,767	85,375	94,989	108,559	71,637	74,943	73,720	61,794
Natural resources and environmental protection	14,093	16,638	18,152	30,171	34,804	34,326	34,823	38,136	42,396	40,346
Corrections							45,379	47,905	61,429	80,477
Public protection and regulation	10,177	12,505	16,395	19,452	20,815	21,860	24,639	29,824	30,191	30,511
Transportation	462,690	436,310	498,830	666,411	782,236	731,372	619,452	616,023	775,156	788,164
Capital outlay	130,694	152,737	118,525	151,614	161,167	118,106	101,121	124,121	149,213	111,478
Debt service	41,522	91,418	71,453	121,305	124,543	128,594	149,520	196,431	274,966	164,932
Totals	$2,241,649	$2,477,621	$2,772,289	$3,299,481	$3,695,908	$3,780,852	$3,638,999	$3,956,201	$4,566,841	$4,619,088

SOURCE: Through 1983: Commonwealth of Kentucky Financial Report.
1984 and 1985: Supplemental to Commonwealth of Kentucky Financial Report.

COMMONWEALTH OF KENTUCKY
DESCRIPTION OF TAX SOURCES
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 1985

SALES AND USE TAX - Kentucky became the 34th state to utilize the sales and use tax, enacting the tax on July 1, 1960; this tax applied to motor vehicle usage as well. Effective April 1, 1968, the tax rate was increased from 3% to 5%. For sales tax, the rate is 5% of gross receipts; and for use tax, the rate is 5% of sales price. House Bill 337 exempted grocery food from the tax, effective October 1, 1972. The 1984 General Assembly passed Senate Bill 74 which exempts from sales and use tax sales made by non profit elementary and secondary sheools and their non profit clubs and organizations. The bill became effective July 13, 1984, and provides that proceeds from exempt sales must be used solely for the benefit of the school or the students.

COAL SEVERANCE - Kentucky's Coal Severance tax became effective April 1, 1972. It was expected to replace a major portion of the revenues lost as a result of exempting grocery food from sales tax. The rate was 4% of the gross value of coal mined in Kentucky or thirty cents per ton, whichever is greater. It was the first major severance tax among the states. Effective July 1, 1978, the rate was raised to 4.5% of the gross value of coal mined or fifty cents per ton, whichever is greater.

MOTOR FUELS - Kentucky was the fifth state to adopt a gasoline tax, with a one cent per gallon rate in 1920. By 1926, the rate had reached five cents a gallon. Effective April 1, 1948, the tax was raised to seven cents, with two-sevenths of the total set aside for rural and secondary roads. The administration of the motor fuels use tax was transferred from the Department of Revenue to the Department of Motor Transportation July 1, 1962. Effective July 1, 1972, the tax was increased to nine cents. Effective July 1, 1980, the rate was changed to 9% of the weighted average wholesale tank wagon price for sale in Kentucky.

MOTOR VEHICLE REGISTRATION - The 1936 General Assembly fixed a flat $4.50 registration fee (plus fifty cents for the County Clerk) for passenger cars. In 1938, a special $4.50 fee for the registration of farm trucks was enacted. In 1944, a special $4.50 fee for church busses, water-well drillers, and certain wreckers was provided. The 1964 General Assembly changed the truck licenses to a "gross weight" basis. Trucks with a gross weight of 18,000 pounds or less were licensed with a basic registration fee only. Trucks with a gross weight exceeding 18,000 pounds were required to pay an additional weight fee. In 1968, the fees for passenger cars, farm trucks, and the lightest trucks were raised to $11.50; fees which are still in effect.

INDIVIDUAL INCOME TAX - Tax on individual income went into effect on income earned in 1936, producing its first revenue in 1936-37. The initial rates ranged from 2% on the first $3,000 of income, up to 5% on all over $5,000. In 1950, a tax rate of 6% was imposed on income in excess of $8,000. In 1954, Kentucky became the fourth state to adopt a withholding system. The 1954 law also adopted the federal definition of net income. At present the following rates are applied to net income: first $3,000 net income at 2%; next $1,000 at 3%; next $1,000 at 4%; next $3,000 at 5%; and, in excess of $8,000 at 6%.

CORPORATE INCOME TAX - The corporate income tax was enacted to first apply to 1936 income. The rate was 4% of net income assigned to Kentucky after deduction of federal income taxes. This rate was changed to 4.5% in 1950. In 1956, the rate was changed to 5% of the first $25,000 of taxable income, and 7% of all in excess thereof. Effective January 1, 1972, the federal deduction was removed. The state rate was reduced to 4% of the first $25,000, and 5.8% on the excess. Effective for taxable years beginning after December 31, 1981, net income is computed by the Internal Revenue Code in effect December 31, 1981, including the provisions of the Economic Recovery Tax Act of 1981. Tax rates beginning on January 1, 1980, are: first $25,000 at 3%; next $25,000 at 4%; next $50,000 at 5%; and excess over $100,000 at 6%. The rate of tax for business development corporations is 4.5% of total net income. The 1984 General Assembly passed House Bill 367. The bill amended KRS 141.010 and changed the law on depreciation for corporations. The new law prohibits the recapture of any ACRS (Accelerated Cost Recovery System) depreciation deduction lost through the 1.4 Factor in effect for tax years beginning during the period from January 1, 1981, through June 30, 1984. The bill also, for taxable years beginning on or after July 1, 1984, allows corporations a choice of depreciation methods on property placed in service after 1980. The bill also provides a recapture provision for those corporations which elect the ACRS method of depreciation. Starting with the first taxable year beginning on or after July 1, 1987, corporations are allowed to recapture, over a six-year-period, the amount of depreciation lost because of the use of the reduction factor for taxable years beginning on or after July 1, 1984.

PROPERTY TAX - The most marked changes in taxation in the past 40 years have occurred in the property tax. Prior to 1934, the property tax had been the state's major source of revenue. During 1934, an attempt to remove the state tax on real estate was ruled unconstitutional. The tax was then reduced from thirty cents to five cents per $100 assessed value. The 1965 Special Session of the legislature reduced the rate on real estate from 5¢ to 1.5¢ and on tangible property from 50¢ to 15¢. House Bill 44 enacted by the 1979 extraordinary legislative session established new rate-setting mechanisms which limited the increase in aggregate revenues for all taxing districts. The state tax rate declined from 22.4¢ per $100 in 1982, to 22.1¢ per $100 in 1983, to 22.0¢ per $100 in 1984.

INHERITANCE AND ESTATE TAX - The inheritance tax began in Kentucky in 1906. It provided that all property of persons residing in the state, and property within the state of non-residents, shall be subject to a tax of $5.00 on each $100 of the fair cash value. The exemption was $500. In 1936 the inheritance tax law was rewritten with changes mainly in the legacy brackets and exemptions. Senate Bill 203, passed during the 1976 General Assembly, granted a $20,000 exemption to the surviving spouse, instead of $5,000 for a widower and $10,000 for a widow.

COMMONWEALTH OF KENTUCKY
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FOR CALENDAR YEARS 1974-1983
(Expressed in Thousands Except Ratio Data)

Year	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1974	$20,197,905	$24,033,158	$28,402,456	$28,402,456	$ 48,600,361	$ 52,435,614	92.7%
1975	22,616,592	25,587,327	30,487,989	30,487,989	53,104,581	56,075,316	94.7%
1976	24,223,512	27,978,408	33,425,131	33,425,131	57,648,643	61,403,539	93.9%
1977	26,015,990	30,091,416	37,112,144	37,112,144	63,128,134	67,203,560	93.9%
1978	28,876,814	34,110,394	42,039,825	42,039,825	70,916,639	76,150,219	93.1%
1979	34,332,545	39,816,984	47,896,733	47,896,733	82,229,278	87,713,717	93.7%
1980	38,713,126	43,532,117	52,825,071	52,825,071	91,538,197	96,357,188	95.0%
1981	42,792,643	45,904,117	57,405,797	57,405,797	100,198,440	103,309,914	97.0%
1982	45,251,023	46,321,105	62,094,708	62,094,708	107,345,731	108,415,813	99.0%
1983	47,093,751	49,520,243	66,774,624	66,774,624	113,868,375	116,294,867	97.9%

NOTE: Assessed values are established through the utilization of an annual ad valorem tax based on the fair value of the property.

SOURCE: Revenue Cabinet

COMMONWEALTH OF KENTUCKY
PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands Except for Percentages)

For the Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
1975	$ 37,337	$ 34,516	92.4%	$ 714	$35,230	94.4%
1976	38,946	36,310	93.2%	990	37,300	95.8%
1977	43,093	42,187	97.9%	1,226	43,413	100.7%
1978	158,631	146,114	92.1%	1,252	147,366	92.9%
1979	175,626	159,199	90.6%	2,106	161,305	91.9%
1980	189,778	174,026	91.7%	2,733	176,759	93.1%
1981	195,899	177,391	90.6%	2,720	180,111	91.9%
1982	208,547	192,699	92.4%	3,468	196,167	94.1%
1983	218,659	199,002	91.0%	4,338	203,340	93.0%
1984	227,109	222,512	98.0%	7,104	229,616	101.1%

NOTE: Property taxes are assessed as of January 1 of each year in one of two ways: 1) By the 120 Property Valuation Administrators within the state, or 2) by the Revenue Cabinet. The tax rates are set by the various taxing jurisdictions and applied to the particular assessment. Tax bills are delivered by September 15 of each year.

SOURCE: Revenue Cabinet

COMMONWEALTH OF KENTUCKY
RATIO OF GENERAL LONG-TERM BONDED DEBT
TO ASSESSED VALUE AND DEBT PER CAPITA
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands Except Ratio and Per Capita Data)

For the Year Ended June 30	Population	Assessed Value	General Long-Term Bonded Debt	General Bonded Debt Ratio to Assessed Value	General Bonded Debt Per Capita
1976	3,530	$57,648,643	$1,180,352	2.0%	$334.00
1977	3,575	63,128,134	1,382,738	2.2%	387.00
1978	3,611	70,916,638	1,379,412	1.9%	382.00
1979	3,644	82,229,278	1,589,070	1.9%	436.00
1980	3,661	91,538,197	1,709,743	1.9%	467.00
1981	3,675	100,198,440	1,694,178	1.7%	461.00
1982	3,692	107,345,713	1,260,501	1.2%	341.00
1983	3,714	112,816,282	1,324,075	1.2%	357.00
1984	3,723	124,140,439	1,641,386	1.3%	441.00
1985	3,815	134,000,000	Est. 1,639,050	1.2%	430.00

NOTE: General long-term bonded debt outstanding includes adjustments to eliminate bonds accounted for by Proprietary Funds, State Universities and certain debt issuing authorities, as well as adjustments reflecting updated amortization schedules, bonds redeemed prior to scheduled maturity, and correction of maturity schedule errors.

SOURCE: U. S. Department of Commerce, Populations Estimates and Projections, University of Louisville Urban Study Center Population Projections, Revenue Cabinet Annual Report, Commonwealth of Kentucky Financial Report.

COMMONWEALTH OF KENTUCKY
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT
TO TOTAL GENERAL EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands Except Ratio Data)

For the Year Ended June 30	Debt Service	Total Expenditures	Ratio
1976	$35,612	$2,346,789	1.5%
1977	85,231	2,579,026	3.3%
1978	49,752	2,970,616	1.7%
1979	98,596	3,422,616	2.9%
1980	92,548	3,913,108	2.4%
1981	96,773	4,055,862	2.4%
1982	115,950	3,823,932	3.0%
1983	146,886	3,957,913	3.7%
1984	212,362	4,698,256	4.5%
1985	187,793	4,548,760	4.1%

NOTE: In 1983, the fund structure for the Commonwealth changed and proprietary fund activity, which was included in general expenditures of previous years, was excluded. Expenditures prior to 1983 include the General Fund, Trust and Revolving Fund, Transportation Fund, Agency Fund, and Federal Fund. Debt Service included General Obligation bonds, State Property and Building Commission revenue bonds (excluding Parks projects 10, 14, 16 and UK project 18), Turnpike Authority revenue bonds (principally resource recovery), and the School Building Authority revenue bonds (state portion only).

SOURCE: Commonwealth of Kentucky Financial Report, Debt Service Fund Cash Control Detail Report, Transportation Fund Allotment Detail Report

COMMONWEALTH OF KENTUCKY
DEMOGRAPHIC STATISTICS
FOR THE LAST TEN CALENDAR YEARS

Year	Population	Per Capita Income	Unemployment Rate
1975	3,469,000	$4,788	7.3%
1976	3,530,000	5,263	5.6%
1977	3,575,000	5,797	4.7%
1978	3,611,000	6,389	5.2%
1979	3,644,000	7,119	5.6%
1980	3,661,000	7,648	8.0%
1981	3,675,000	8,567	8.4%
1982	3,692,000	8,934	10.6%
1983	3,714,000	9,162	11.7%
1984	3,723,000	10,300	9.3%

SOURCE: U. S. Department of Commerce, U. S. Bureau of Economic Analysis, Cabinet for Human Resources.

COMMONWEALTH OF KENTUCKY
CONSTRUCTION, AND BANK DEPOSITS
FOR THE LAST TEN CALENDAR YEARS
(Expressed in Thousands Except Number of Units)

Year	Non-Residential Construction		Residential Construction		Bank Deposits
	Number of Units	Value	Number of Units	Value	
1975	9,776	$176,427	10,675	$265,952	$ 9,798,000
1976	11,410	271,885	13,402	337,884	10,614,000
1977	12,256	357,203	17,960	465,419	12,182,000
1978	12,286	328,290	16,112	468,966	13,607,000
1979	11,662	450,008	13,116	437,332	14,905,000
1980	10,780	484,653	10,360	351,415	16,030,000
1981	10,468	449,864	8,067	268,702	17,672,000
1982	9,429	349,975	7,397	244,062	18,902,000
1983	10,709	422,998	11,839	421,816	20,888,000
1984	7,122	476,900	13,276	482,753	22,658,000

SOURCE: U. S. Bureau of Census, Federal Deposit Insurance Corporation.

COMMONWEALTH OF KENTUCKY
SOURCES OF PERSONAL INCOME
(Expressed in Thousands Except for Percentages)

Source	1979		1980		1981		1982		1983	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Farm	$ 903,000	4.6%	$ 922,000	4.4%	$1,222,000	5.5%	$1,065,000	4.5%	$ 572,000	2.4%
Agricultural Services, Forestry, Fishery, and Other	58,000	0.3%	66,000	0.3%	73,000	0.3%	84,000	0.4%	112,000	0.5%
Mining	1,493,000	7.5%	1,647,000	7.9%	1,733,000	7.7%	1,817,000	7.8%	1,435,000	5.9%
Manufacturing	5,172,000	26.1%	5,379,000	25.7%	5,775,000	25.7%	5,554,000	23.7%	5,833,000	24.1%
Contract Construction	1,342,000	6.8%	1,208,000	5.8%	1,170,000	5.2%	1,178,000	5.0%	1,256,000	5.2%
Wholesale and Retail Trade	2,921,000	14.7%	3,065,000	14.6%	3,206,000	14.2%	3,667,000	15.7%	3,659,000	15.1%
Finance, Insurance, and Real Estate	779,000	3.9%	864,000	4.1%	884,000	3.9%	951,000	4.1%	1,088,000	4.5%
Transportation, Communications, and Public Utilities	1,533,000	7.7%	1,631,000	7.8%	1,739,000	7.8%	1,794,000	7.7%	1,902,000	7.8%
Services	2,518,000	12.7%	2,797,000	13.3%	3,034,000	13.5%	3,325,000	14.2%	4,107,000	17.0%
Government	3,121,000	15.7%	3,378,000	16.1%	3,620,000	16.1%	3,959,000	16.9%	4,253,000	17.5%

SOURCE: U. S. Bureau of Economic Analysis, Kentucky Economic Information System, August, 1985.

COMMONWEALTH OF KENTUCKY
FIFTY LARGEST MANUFACTURERS
(Ranked by Number of Employees - 800 or More)
1984

Company	Number of Plants	Number of Employees
General Electric Company	9	20,389
Northwest Industries, Inc.	4	6,816
International Business Machines, Lex.	1	6,200
Ford Motor Company	2	5,783
Philip Morris Incorporated	2	4,895
Armco Incorporated	6	4,571
Naval Ordnance Station, Louisville	1	2,724
Palm Beach Company	6	2,285
Colt Industries	2	2,554
Emerson Electric Company	6	2,230
Interco Incorporated	8	1,941
Hoover Universal Incorporated	7	1,909
Eaton Corporation	4	1,801
Chessie System	1	1,800
B.F. Goodrich Company	4	1,753
Brown-Forman Distillers Corporation	3	1,613
General Tire & Rubber Co., Mayfield	1	1,584
American Standard Incorporated	4	1,491
Rockwell International Corporation	4	1,485
Reynolds Metal Company	4	1,406
Courier Journal & Louisville Times, Louisville	1	1,396
General Motors Corporation, GMAD-Bowling Green, Bowling Green	1	1,375
Henry Vogt Machine Company, Louisville	1	1,360
GTE Products Corporation	6	1,320
American Greeting Corporation	2	1,300
Louisville Bedding Company	2	1,295
Martin Marietta Energy Systems, Inc., Paducah	1	1,290
Martin Marietta Corporation	4	1,248
The Square D Company, Lexington	1	1,240
Lorrillard, A Division of Loew's Theaters Inc., Louisville	1	1,200
E.I. dupont de Nemours & Company	2	1,178
U.S. Shoe Corporation	4	1,206
Jockey International Incorporated	5	1,253
Johnson Controls Incorporated	3	1,160
National Steel Corp. & Southwire Company	3	1,116
Ashland Oil Incorporated	2	1,111
Atlantic Richfield	4	1,098
Corning Glass Works	4	1,053
Duro Paper Bag Company	2	1,005
AMF Incorporated	2	939
Trane Company, Lexington	1	900
Rand McNally & Company	2	895
Arco Metals Company	1	878
Sutton Shirt Corporation	3	858
Leggett & Platt Incorporated	3	844
Colgate-Palmolive Company	2	841
Porter Paint Company, Louisville	1	830
Litton Industries	3	829
Armour & Company	3	818
A.O. Smith Corp., Mt Sterling	1	800

SOURCE: 1985 Kentucky Directory of Manufacturers, published by the Department of Economic Development.

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